



Public Service Yearbook 2009

Ministry of Finance

Public Service
Yearbook
2009

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Dear Officials!

Starting from this year, the field of public service is coordinated by the Minister of Finance. Therefore, the turn to make the foreword has also been handed over. In this case, I would like to speak only about saving, because there does not seem to be any other more important key word for public service in the last couple of years. Still, the reductions are not the most important about it. Over the times, the concord used for reacting to the crisis and bearing the difficulties together will be remembered. Without the wisdom and patience of public servants, the crisis and unemployment would still be accumulating and the ways to solve the piled up problems would be clogged. The whole nation has stuck together, but it is no secret that the public opinion does not pamper the public service correspondingly to their contributions to the building of our state. The greater gratitude I wish to express to the public servants. I would also like to share an unusual experience that citizens have started to express their pride about the administrators of their state.

Jürgen Ligi
Minister of Finance

26 May 2010



Dear Colleagues!

Before you lies already the eleventh Public Service Yearbook that is published by the Ministry of Finance for the first time.

The converging of the responsibility of public service development to the Ministry of Finance in 2009 was a principal and great change in the Estonian public service. So far, the responsibility for developing the public service had been divided among different governmental institutions – the Ministry of Justice was responsible for public service legislation, the State Chancellery for the human resource management of public service (including training, ethics, recruitment, and assessments), and for recruitment and development of top executives, the

Ministry of Interior for the organisation of local governments, and Ministry of Finance for public service remuneration policy. The converging of public service development to one institution helps to plan future activities for the development of public service in a more unified manner.

What could make the Estonian public service more competitive and supportive towards innovation? The government has to renew its services systematically, by constantly looking for contemporary opportunities for providing public services. Our efforts should be targeted towards increasing the trust of the citizens in the state officials. However, the precondition of trust is the satisfaction of people with provided public services.

We have demonstrated our willingness to cooperate by reacting to the changes and to support each other during difficult times. We have made difficult choices at the right time as well as analysed and revised our activities to cope with the economic recession and a decreased budget.

We have focused on these important topics in the yearbook. In addition, the traditional overview of the important indicators of human resources of public service in 2009 is provided. Unlike the previous years, the statistics is also based on the state financial accounting information system in and the data were collected by the State Chancellery and Ministry of Finance. The innovations in the data collection and analysis allow reducing the possibilities to interpret data in different ways, and to increase the analysis ability of the Ministry of Finance as well as in other institutions.

We have agreed on several large-scale projects. We have initiated the modernization of our planning system, drafting of the state budget and renewing the management principles, reorganisation of the administration of state property and centralising the support services of the state. Several principle choices lay ahead of us and making these decisions together, will increase the quality of providing public services.

To sum up, I would like to emphasize once again the importance of developing public service – passage of new Public Service Act is very important and I hope it will take place soon. However, the act itself is not a magic that will solve all bottlenecks in the public service. Therefore – let's not lose time. Already today, we can make several considered decisions that could offer solutions for overcoming the bottlenecks. We can be successful only if we are open towards innovation and work together in the name of finding the best solutions.

I wish all of us the best of luck!

Tea Varrak
Secretary General of Ministry of Finance

Table of Contents

MANAGEMENT OF PUBLIC SERVICE IN TIMES OF ECONOMIC CRISES

Managing State Budget during Extraordinary Year <i>Kadri Maasik</i>	8
Using EU Assistance in Changing Environment <i>Ando Siitam</i>	11
Supporting of Technology Investments <i>Pille-Liis Kello</i>	13
The Blog “ <i>Toetustasku</i> ” – an Opportunity to Inform about Implementation of Structural Funds <i>Anneli Laansoo</i>	15
Role of Lifelong Learning in Changing Environment <i>Terje Haidak, Evelin Tiitsaar</i>	17
Changes in Governance and Human Resource Management in Public Sector in Times of Crises <i>Annika Uudelepp</i>	20
Experience of Merging Motor Vehicle Registration Centre and Road Administration <i>Ronnie Kongo</i>	23
Governing Area of Ministry of Environment in the Middle of Changes <i>Kristina Grau</i>	25
Establishment of Police and Border Guard Board <i>Erkki Koort</i>	28
Major Regional Project of Ministry of Interior in 2009 – Centralisation of Accounting and Personnel Administration of County Governments to Viljandi County Government <i>Karl Laas</i>	30

PUBLIC SERVICE IN 2009

State of Affairs and Future Perspectives of Public Service Ethics <i>Anneli Sihver</i>	34
Personnel and Salary Statistics in 2009 <i>Tiina Tamm</i>	38
Personnel and salary expenses <i>Villu Praks</i>	40
Usage of the Elements of Motivational System <i>Ruuta Ruttas-Küttim</i>	44
Number and staff of officials <i>Mal-Brit Pärnpuu</i>	48
Training in public service <i>Anu Altermann</i>	55
Assessment of officials <i>Anu Peljo</i>	58
Joint Training Project of State Agencies of Tartu County – “ <i>Synergy among Top Executives of Tartu County</i> ” <i>Eda Tagamets</i>	60

ANNEXES



Management of Public Service in Times of Economic Crises

Managing State Budget during Extraordinary Year



Kadri Maasik
*Head of State Budget
 Coordination and
 Monitoring Department,
 Ministry of Finance*

In 2009, the measures of budget consolidation were applied in the amount of almost 20 billion kroons in Estonia, which is more than 9% of the gross domestic product. At the same time, on the European Union level the objective established for the following years was in minimum 0.5% for the yearly budget consolidation in order to improve the financial situation of countries that were struck by the economic crisis the most. When implementing the measures of promoting the restoration of the economic growth, Estonia has also been a good example among other European countries – although the Estonian economic recession was one of the largest in Europe in 2009, and out of all European Union member states the budget has been consolidated the most in Estonia, the objective of supporting of the economic growth has not been left without attention – being in the seventh place among the member states of European Union, contribution to stimulating the Estonian economy has exceeded the average.

Despite the consolidation, the budget expenditure of 2009 and 2010 remained approximately at the same level compared to the 2008 State Budget. Consequently, the amplification of declining internal demand, accompanying the economic recession and reductions of the budget, was avoided by using the European Union structural funds. The existence of foreign aid and its remarkable percentage in the state budget have afforded Estonia a wider selection of instruments to promote the economic growth through budgetary policy, as compared with wealthier member states of European Union. This is due to the fact that the wider implementation of European Union structural funds and other foreign assistance during the economic recession does not have negative impact on the budgetary policy of the government sector. On the contrary – it enables to create new jobs, raises the turnover of entrepreneurs, increases the tax revenue and thus, improves the budgetary position. Therefore, the objective to accelerate the implementation of foreign aid was set as an objective alongside with improvement of the sustainability of budgetary policy.

Besides the objective to accelerate the implementation of foreign aid, an additional challenge in the 2009 State Budget process was to achieve a greater certainty concerning the expediency of implementing structural funds as the biggest source of foreign assistance – spending more than 50 billion kroons as quickly as possible cannot be done on the expense of performance. Therefore, the review of incurred expenditures for the sake of economizing budgetary expenditure and guaranteeing the most effective usage and the necessity to adjust the adopted implementation plans of the European Union funds so far, were also evaluated due to the changed economic circumstances.

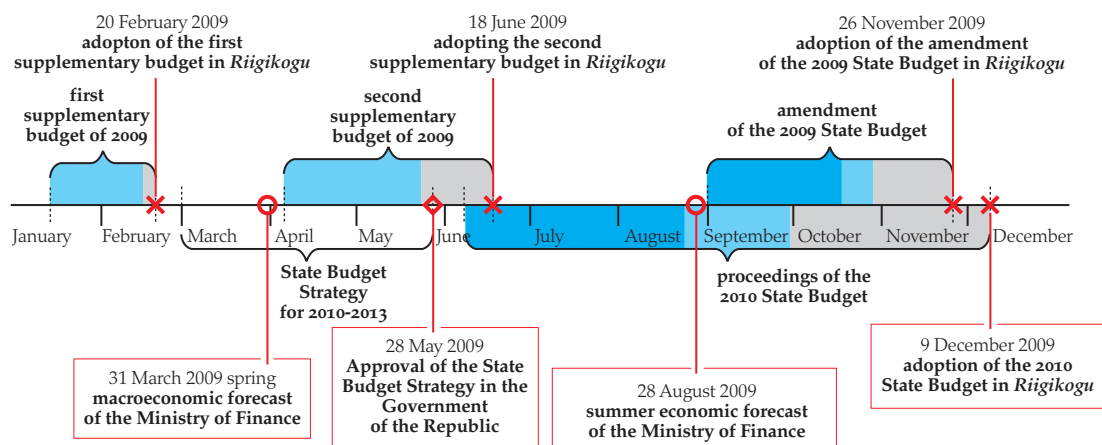
The budgeting process of 2009 showed that the Estonian strategic choice to treat the planning and implementation of foreign assistance in the framework of the general budgeting process has fully justified itself. It creates better preconditions for using funds more effectively and achieving objectives in considerably poorer budgetary situation. The economic circumstances also indicated the necessity for more accurate

planning and for more realistic forecasting of the revenue and expenditure on all stages of planning and in terms of all budgetary measures.

To achieve that, we launched a more regular and detailed monitoring process in the beginning of 2009. The process was adapted to the changing economic circumstances and otherwise the making of the previously described decisions about the budget management would have been considerably more difficult. Since the beginning of 2009, the systematic monitoring consists of monitoring the revenue and expenditure of government sector institutions on monthly a basis by the Ministry of Finance. Such system provides more substantial information about the implementation of the state budget and highlighting the needs for improving different processes, systems, methodologies and improving legal acts.

Last year, the judicial questions as well as elicitation of legal boundaries and possibilities were possibly the most unexpected challenges in the budgeting process. Although the time for processing the amendments of the state budget, supplementary budget and classification of the budget was limited, it was unavoidable to ensure the concordance of all amendments and the correct order of amending relevant legal acts. Incidentally, we found ourselves looking an answer to the question whether the budget is an obligation to make expenditure by the approval of the Estonian Parliament *Riigikogu*, or an opportunity to do it.

It was a real challenge to manage the 2009 State Budget – the State Budget Strategy for 2010-2013, 2010 State Budget, two supplementary state budgets and one supplementary budget amendment were drafted (Figure 1). Additionally, the classification of the budget was amended five times by the Government. One of the amendments included a decision about an additional saving. Besides, for the first time, a directive of the Minister of Finance was in force as a temporary measure. The directive limited making payments from the State Treasury. Including the supplementary budgets of 2009, 29 other laws were amended.



Stages of formulation of state budget: ■ level of the officials ■ level of the government ■ level of *Riigikogu*

Figure 1. Budgetary process in 2009.

The Government Cabinet discussed the 2009 budget in 37 meetings, 22 of which took place in 2009. Additionally, the State Budget Strategy and the 2010 State Budget were discussed by the Government. Before submitting the 2010 State Budget to *Riigikogu* in the end of September 2009, the budget-related topics were in the agenda of 30 meetings of the Government Cabinet. Altogether, approximately three full

working weeks were spent by the members of the Government Cabinet on these discussions. The usual budgetary negotiation process took place in August at two stages – firstly on the level of public servants and then on the level of ministers. The only weeks free of budget-related discussions and negotiations were at the beginning of January.

In addition, regular meetings took place between financial managers to clarify the position of state finances and to operatively exchange the information related to the recommendations of the budgetary policy. Meetings were held and the information was exchanged with local governments, state foundations, public law institutions, companies belonging to the government sector, and other government sector institutions. The receipt of revenue, status of incurring expenditure, and the budget of other government sector institutions were monitored on a monthly basis by the Ministry of Finance and the publicity was also informed about it.

The year of the economic recession has indicated that the processes of financial planning and budgeting as well as the supporting systems must ensure enough flexibility to allow the adaptability in changing circumstances. Today we can assure that the financial management system of Estonia has presumptions for making operative and reasonable management decisions that are also sustainable in the long run and in a changing environment.

Reaching the objectives of the budgetary policy, including improving the sustainability of the budget, presumes using high-quality information on different management levels at the right time. For that it is necessary to improve the efficiency of the state financial management process as well as methodology, and to consider the measures of drafting the state budget strategies and state budget that would allow more efficient provision of public services through optimization of the state structure and more considerate implementation of the budgetary resources. However, as public servants we must be able to focus on the important, quickly identify the relevant connections and, if necessary, to learn quickly and develop our work methods.

Using EU Assistance in Changing Environment



Ando Siitam
Acting Head of Structural
and Foreign Assistance
Department,
Ministry of Finance

The more difficult the situation in the economy is, the more important are various revenues and their efficient usage. Due to the economic recession, the role of the EU assistance has also become more important – in 2004–2013, 85 billion kroons will be directed into Estonian development. This amount is almost equal to the annual state budget. The EU assistance became available for Estonia upon joining the European Union. While relatively small amounts of the support were used during the first years, then year by year the volume of payments has grown. In 2009, foreign assistance payments formed almost 11 billion kroons of the state budget and this year even bigger payments are expected.

Supporting the Economy with EU Structural Aid

More important than the amount granted to Estonia, is how to use the received support in the most competent manner. However, this largely depends on us – both on the allocators of the assistance who establish the priorities and areas eligible for the support, and on the implementers of the projects who implement their good ideas. It is important to use the EU structural aid having the future in mind, not just for one-time “putting out fires”.

The economic recession that started almost one and a half years ago has set new obstacles on our way due to which both - the companies and the public sector - have had to readjust. The usage of foreign aid was also affected by the economic recession because today’s economic environment is completely different compared to the years when the economy was booming and there was no unemployment.

In autumn 2008, it was clear that next year would be a more challenging in terms of using EU assistance and especially, the structural funds. Compared to the period of elaborating the objectives and priority areas of the structural funds for 2007–2013, the economic situation was different. Therefore, several of the established objectives did not take into account the possibility that the environment could change so fundamentally. The economic recession has forced the government and entrepreneurs to find ways for saving. Thereby, the awareness of the possibilities to use the structural funds has increased. The EU assistance is seen as a key that opens doors to a new economic growth. Unlike taxes, the receipt of EU assistance is certain and stable. In a situation where a large portion of the state expenditure is connected to very specific obligations, we can direct the EU assistance according to the current needs primarily to the development of the economy and preserving jobs.

Structural Aid to be More Accessible

Due to the changed situation, the focus of the assistance to be allocated in 2009 was primarily to fight against the increasing rate of unemployment. Since the opportunities changed in line with the necessities, the questions concerning the co-financing capabilities and solving liquidity problems of recipients of the support needed more attention when allocating assistance.

Until the first half of 2009, the recipient of the assistance had to cover the expenses of the project on their own before receiving the support. In the new circumstances, finding self-financing for the project became more difficult and sometimes endangered the implementation of the project. Since we have an opportunity to design the allocation mechanisms, we have been able to simplify the allocation of assistance. For example, the new flexible methods of making advance payments and paying bills have made the EU structural aid more accessible for more applicants.

Accelerating the usage of funds has become more important in order to gain from the low prices caused by economic recession as much as possible. Currently, the same amount of assistance brings more benefit to the country than a couple of years ago, and probably more than in the near future. For example, the construction is considerably cheaper than earlier. Since the interest in the assistance has increased, only the best projects can be chosen for implementation and thus, the quality of the outcome is higher. Therefore, last year's keyword was moving the deadline of application rounds to an earlier time.

Difficult times force people to make a bigger efforts and think more about cooperation. Speeding up and raising quality of the implementation of structural aid that is in the best interests of all and thus, the institutions dealing with coordination of the implementation of assistance have started to cooperate more closely. The applied and planned changes to make the procedure of allocating assistance easier have been developed in cooperation of all parties. Cooperation is also the only solution for taking into account the different needs as well as possibilities of applicants of assistance and implementers of projects, and for guaranteeing the purposeful usage of the EU structural aid.

Compared to the earlier years, the percentage of structural funds in the state budget has increased (from 8% in 2009 approximately to 11% in 2010) and in the following years the assistance forms the largest percentage of the public investments. Due to the various foreign aid programmes, we are able to direct a considerable amount of support into the development of Estonia by making wise decisions.

What will the Future Bring?

It is expected that the provision of the EU structural aid will continue after the end of current programme period in 2013. The planning of the next period is already actively ongoing and Estonia has also an important role to carry out in the planning process. When we are active in the preparation phase and send our proposals to Brussels early enough, then we are able to make the system of assistance implementation even more user-friendly in the future, and stand for the principle that the EU structural aid is provided to those countries and regions that need them the most.



Pille-Liis Kello
 Director of Enterprise
 Capability Division,
 Enterprise Estonia

Supporting of Technology Investments

The European Union structural funds that have become available for Estonia have induced the government to decide the support areas of entrepreneurship and to determine in which direction to direct the development of entrepreneurship. Similarly to the other European countries, one of the most important areas of the Estonian entrepreneurship is research and development. However, due to the fast development of entrepreneurship technology and knowledge transfer, the adaptation of technology and training of employees are also important.

The decision to start the technology investment programme was made in 2007 when the economy was developing quickly with an upward trend, but the industrial sector was following slowly and investment decisions were being made carefully. The decision to start the programme was made after completion of the study "Feasibility Study of Business Technology Investment Programme", conducted by Technopolis in 2007. The main conclusion of the study was that the Estonian industrial sector needs an incentive to increase productivity. The productivity of the Estonian enterprises – measures as added value – is one of the lowest in Europe (Figure 1). Investments into modern technology help to increase the added value but often there is a lack of knowledge concerning the modern methodologies of managing productivity. Therefore, the aim is to start providing training and counseling programmes in parallel with supporting investments.

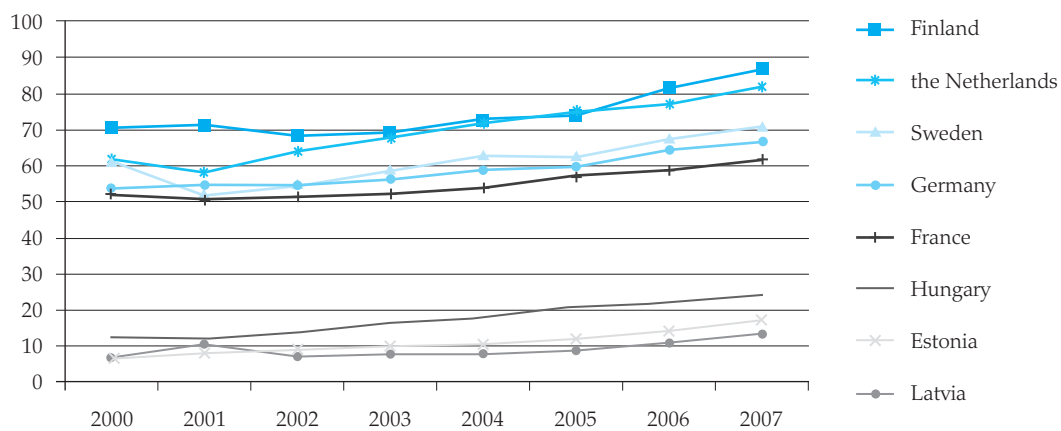


Figure 1. The average added value per capita created by enterprises in Europe (in thousands of kroons).

The technology investment programme received a lot of attention right after the launch in the middle of 2008. By the end of 2009, 114 enterprises had received support as a result of two application rounds. The total volume of investments of the supported projects was 1.9 billion kroons, 580 million kroons of which is made up of supports.

The programme was developed in cooperation with the Ministry of Economic Affairs and Communications and Enterprise Estonia, with an objective to increase the added value and the export potential of the Estonian enterprises, which is one of the lowest in Europe. Concerning the implementation of the programme, the Enterprise Estonia has several roles ranging from establishment of the assessment criteria to monitor the funded projects. The most difficult about the assessments was the large number of

applications, which had to be assessed in two months. For example, in the second round applications were submitted by 164 companies, most of which were also visited and a thorough assessment report was compiled. The projects of those 59 companies which investments generated the biggest value added and increase of export were financed.

Based on the statistics of 2009 we know that in good times the enterprises invested without the intervention of the state. Thus, in several industrial branches, such as metallurgy and timber industry, the residual cost of the fixed assets has increased 2–4 times. At the same time, the production volumes have fallen to the level of 2001 (Figure 2).

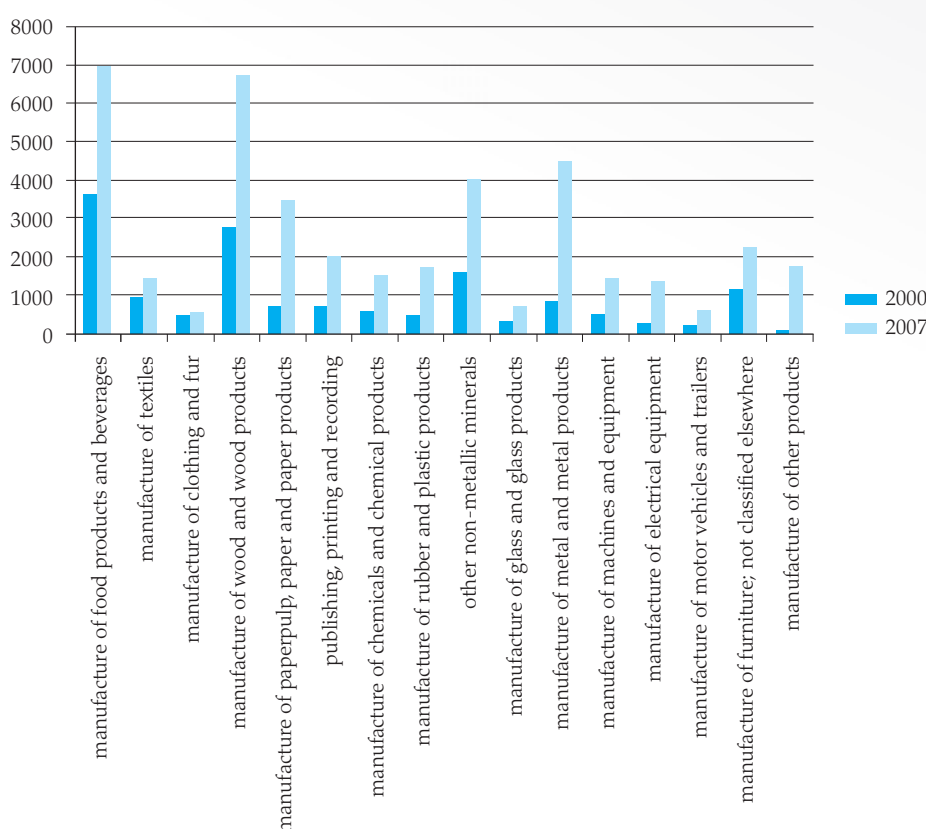


Figure 2. Residual cost of tangible fixed assets in 2000 and 2007 (in millions of kroons).

So what are the benefits of supporting 110 industrial companies in the framework of the technology investments programme? To receive support, the enterprises have had to update their business plan, undertake financial calculations for identifying the profitability of the investment, establish their vision for the following years, and think about the competition and market situation. During the economic recession, the thorough reasoning of the plans has been beneficial because demand and sales revenue are no longer growing self-evidently.

In addition to direct investment support, the Enterprise Estonia regularly sends training offers to all companies participating in the programme, as well as gathers feedback about their needs, offers possibilities to advertise themselves through presenting their success stories, etc. Thus, comprehensive possibilities have been created for developing of the employees and supported companies as well as for marketing their products.

The productivity of the supported enterprises is 20–30% higher, compared to the productivity of an average Estonian industrial enterprise, and according to the business plan, their productivity is also increasing in the following years in accordance with the growth of export volume. The sources of the growth - meaning the marketing activities for selling the increased production quantity, mapping of the production capacity, analysis of the circulating capital, etc. - must be described in the business plan submitted by the company. By the end of 2009, none of the supported companies had gone bankrupt or was in great financial difficulties. However, there are companies that have decided to await the new increase of sales volume before starting with investments. The biggest investors have been from very different sectors, from the metallurgy to the food and printing industry (for example, Sangla Turvas Ltd., Dvigatel Regital Ltd., Werol Tehased Ltd., Norfolier Baltic Ltd., E-Profiil Ltd., Printall Ltd., Tallegg Ltd.).

The renewed programme includes additional possibilities for large investors and their subcontractors. An industrial enterprise that invests more than 100 million kroons and creates over 100 jobs can continually apply for investment support from the programme. In addition, these companies are supported with 25% of the cost instead of the usual 20%, and the financing decisions are announced to the entrepreneur in 20 working days. The measure is important in order to solicit foreign investments and to build the network of subcontractors of large companies. The first grants for high-impact investors were granted to Ericsson Estonia Ltd. and Tere Ltd. for their investments that will create several hundred jobs in Estonia during the following one and a half year.



Anneli Laansoo
 Director of Foreign
 Co-operation Projects
 Division of Department
 of Foreign Funding,
 Ministry of Economic
 Affairs and
 Communications

The Blog “Toetustasku” – a Possibility to Inform about Implementation of Structural Funds

In the difficult economic circumstances that had been formed by the end of 2008, European structural funds become one possible source to alleviate the situation and to be directed into the economy. Simultaneously with finding possibilities of reducing budgetary expenditure, earlier agreements about the implementation of structural funds had to be reviewed. In addition, all measures of supporting entrepreneurship had to be evaluated and simplified, and the relevant support package of entrepreneurship had to be developed.

In the middle of the changes, it was important to pay more attention to the communication. There is no use of reacting fast and creating additional possibilities if the publicity is not informed about it. Even though the rules of the EU structural funds may be diverse, we found that information must be presented as clearly as possible and in a bit more personalized form, so that the potential applicants would not be scared of the complicated regulations and requirements.

One thought lead to another – Estonia is an e-State but despite of the wide use of the Internet, information of our website does not reach everybody. In order to gather information alternative websites, (such as Facebook, Orkut, Twitter, Delfi and blogs – shortly social media), is often preferred, instead of the websites of the government agencies. Therefore, the instrument for informing the publicity about structural funds, “Toetustasku” (Pocket of Support), was launched in the form of a blog and Twitter account – a channel where we, as the experts talk about the European Union assistance available for the Estonian economy easier way and regularly. It was January of 2009.



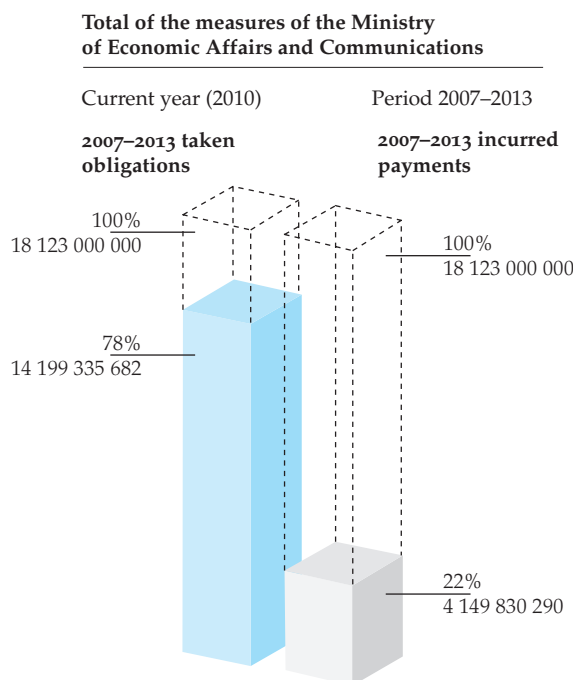
"I like that *"Toetustasku"* is not one of the many blogs started with great enthusiasm that perishes after a while! It is obvious that the team of *"Toetustasku"* operates in deliberate and sustainable manner – well done!

In the future, it would be interesting to observe the usage of the structural aid from a public media or via Twitter, covering also the topics outside the domain of the Ministry of Economic Affairs and Communications. In addition to success stories, problems could also be addressed, including the obstacles of entrepreneurs after receiving the support and issues that other could avoid or what to pay special attention to.

Good luck to the *"Toetustasku"* team!"

Anonymous
19 January 2010 at 11:46

The blog fulfills its purpose when it has enough readers. When we started *"Toetustasku"*, we thoroughly considered our capacity to provide enough information in order to make the blog an attractive source for our partners. The established and operating blog team, consisting of our experts of structural funds, economic development, transport and information society, meets regularly every week, discusses the relevant issues and agrees on their contribution to the blog. Finding time during a busy work week for gathering and coordinating the ideas and writing down important topics as easily and understandably as possible, is often a challenge. At the same time, this is necessary not only for notifying our partners, but also for the team itself in order to clarify the objectives internally. In addition to direct provision of information, the *"Toetustasku"* has an important role as a monitoring tool that allows tracking the graphic information about obligations and payments of the European Union funds in terms of different areas. Thus, the partners and also our management can receive a weekly review about the allocation of the European Union assistance in all supported areas (Figure 1).



Where is *"Toetustasku"* moving next? During the year the blog team has partly changed. Each new member has brought along new ideas as a result of which several development activities are on the agenda. In the near future, we wish to pay more attention to promote a discussion between partners and the experts of the EU structural funds. Additionally, the objective is to develop the technology of *"Toetustasku"* onwards and to elaborate new innovative solutions to illustrate the usage of European assistance. The wider and more strategic objective of the *"Toetustasku"* is to make everything related to the EU structural aid as clear and transparent as possible for the public.

You are welcome to share your thoughts about how *"Toetustasku"* could be of more use to you at <http://toetustasku.blogspot.com/>.

Figure 1. Obligations and payments in 2007-2010.

Role of Lifelong Learning in Changing Environment



Terje Haidak
Head of Adult Education
Division, Ministry of
Education and Research

Self-education is like piling a stack out of small stones – lasts long, will never be quite ready and becomes visible only after a long time. However, more and more people understand the benefit of it. The area is developing with the support of the Estonian government and the European Union.

In 2000, the European Commission launched a discussion across Europe concerning the implementation of the concept of lifelong learning in the framework of the corresponding memorandum. The document emphasized that next decade the extent of economic and social changes in Europe presupposes a new approach in education and training by the countries. Up to now, the percentage of people aged 25–64 who acquired education and participated in trainings was slightly above 6%.

Considerable progress was made in 2008 when 9.8% of the Estonian adults participated in lifelong learning – with that result Estonia surpassed the average European result. Last year, the percentage of participation in lifelong learning increased already to 10.6%.



Evelin Tiitsaar
Chief Expert of Adult
Education Division,
Ministry of Education
and Research

In the autumn of 2009, the Government of the Republic approved the “Development Plan for Estonian Adult Education” for the following five years. Three main goals of the development plan are as follows:

- to increase the participation of adults in lifelong learning;
- to reduce the number of people without professional or vocational education;
- to enable as many people as possible to obtain an educational level or qualification that is one level higher (in terms of the 8-level qualifications framework, for more information, see www.kutsekoda.ee).

The percentage of people who have not acquired a profession in a vocational school or higher educational institution is inadmissibly large in Estonia. Therefore, the necessity to bring adults back to the vocational or higher education system is emphasised in the development plan. Adults should be a considerable target group in planning formal education on vocational as well as higher education level. The number of adults with lower level of education is high and the capability of the educational institutions to handle them should increase as the number of young people decreases. Bringing adults to formal education presumes availability of flexible study forms and teachers with knowledge of andragogy. Additionally, informing the publicity is important – so that adults would understand that they are welcome to school.

Obtaining education on the higher or vocational level presumes basic education or secondary education. When a person's path of education has discontinued on the level of basic education or high school, the biggest efforts must be made to bring people back to the general education institution. The obtained knowledge could create a foundation for continuing the path of education. Lately, the number of students in adult high schools has been around 7000. In the current (2009/2010) academic year it grew sharply by 1000 students. Since there are more than 80,000 people aged 25–64, who have only basic education or whose path of education is even shorter, and of whom 27,000 are 25–34 years old, the increasing access to general education among adults is inevitable.

"The idea – learn, learn, learn – is true. Similarly to the nature which is constantly undergoing processes and developments, so should the human be.

We have the opportunity to learn something new every day. Another question is whether the opportunity is used. When running the TV programme "Tagatargemaks" and coming across the topic of adult education I recognised that for many, learning is only an academic activity. Finishing school that was left unfinished or going to a university definitely is. However, it is only one side of the self-education. Baking bread, preparing for Tartu skiing race, learning how to communicate better with your spouse, picking mushrooms and many other everyday activities give us a great opportunity to self-educate ourselves and continue learning.

However, it is important to learn something new every day. When you keep your eyes open and use the opportunities that present themselves, then so it is."

Hannes Hermaküla

- In 2008, the percentage of people aged 25–64 with general, basic or lower level of education was 34.6%, which means that 245,100 people have not acquired professional or vocational education.
- In 2009, 10.6% of adults aged 25–64 participated in lifelong learning.
- Popularisation of adult education: TV programme "Tagatargemad" on Saturdays at 18 on ETV (www.etv.ee/tagatargemad), radio programme "Huvitaja" on Fridays at 10.05, magazine "Õpitrepp" (www.andras.ee/opitrepp). Other important adult education programmes funded from the European Social Fund are available at: <http://www.hm.ee/index.php?049954>.

People with a lower level of education are in greater risk of becoming unemployed or having lower-paid jobs. Additionally, people with lower level of education participate in life-long learning less than the same-aged people with higher level of education, thus they do not have the opportunity to improve their competitiveness. Years ago, after graduating from school a person started working at a job that they were prepared for and continued until their retirement. Today it is no longer so and people move around a lot on the job market. Often the change of the field of activity comes along with a new job and people who are willing to attend work-related training or retraining will manage better.

One of the peculiarities of the Estonian educational system is the absence of the network of adult educational institutions that would offer various work-related training and would have their own infrastructure and permanent training staff. At the same time, we have vocational education institutions as well as

the institutions of professional higher education and universities with modern study programmes and qualified professors. During the last four or five years, vocational education institutions and institutions of higher education have been successful in providing work-related training and retraining of adults. Among the institutions of higher education, the largest trainer is University of Tartu, where in 2009 almost 21,000 adult students participated in the courses. Among vocational education institutions, the largest trainer of adults was Tartu Vocational Education Centre where over 3,300 people participated in vocational training courses.

Concerning the professions that presume training materials and technology, the aim of the state is to use primarily institutions of the national education system and to improve the adults' access to high-quality trainings in those institutions. Therefore, since 2007 the adult professional training has been legislated as a form of state-commissioned training and with the support of European Union funds more than 30,000 people have participated in vocational training courses in 2007–2010. According to the development plan, a similar form of state-commissioned training is going to be legislated in case of the higher education institutions.

Estonia participates in the International study of adult competences PIAAC (Program for International Assessment of Adult Competences), which preliminary conclusions will be published in 2013. The PIAAC is an adult analogue of the PISA study aimed at the identification of the adults' skills of understanding and using the text, calculating and solving problems in a technological environment. The main study is carried out in 2011–2012 and altogether 7,500 people are interviewed from Estonia. The objective of the study is to evaluate the role of the different stages of education, lifelong learning and professional activities in forming and maintaining of competences, and to compare the competences of Estonian adult population against adult the competences of the adults of the other countries. The results will support Estonia in mapping the competences of its inhabitants and develop different future strategies. More information about PIAAC can be found at www.hm.ee/piaac.

Changes in Governance and Human Resource Management in Public Sector in Crises Situation



Annika Uudelepp
Member of the Executive Board, PRAXIS Center for Policy Studies

Economic crisis, even though global, had a great impact especially on the public sector of the countries with fast-growing economies. In the beginning of February 2010, the UN development programme of the UNDP and Ministry of Finance held an international seminar in Tallinn, where the experts of the public service development of ten countries discussed the effects of the crisis and the changes originating from it. The participants were from member states of the European Union (Estonia, Latvia, Lithuania, Hungary), but also from elsewhere (Moldova, Ukraine, Azerbaijan, Bosnia and Herzegovina, Macedonia, Serbia).

The seminar aimed at exchanging experiences, discussing the relevance of the measures implemented and analysing possible future trends. It had to be taken into account that the starting position of the participants, meaning the development level of public service, was very different about facing the crisis. Additionally, the effect of the economic recession differed from country to country – for example, the economy of Latvia, Hungary and Estonia had very serious setbacks. Furthermore, the choices of each country were affected by general structure of the public service, political background and impact of international organisations (for example, the IMF, the World Bank, the European Union).

What Steps Have Countries Taken during the Crisis in Connection with Public Service?

The public service reforms of the countries participating at the seminar were induced by the crisis. One of the most important objectives of the changes was to cut the expenses of the public sector. Changes took place quickly without much consideration and setting strategic objectives. Therefore, the decisions impacting public service were not a part of the public sector modernisation and there were no initiatives concerning further centralisation or decentralisation of the public sector.

The main measures implemented in public service due to the economic recession were as follows:

- Cutting or freezing personnel costs. This could have meant decreasing the salaries of current staff, but also redundancies. In different countries the salary reductions were carried out quite differently – in some cases the base salary was reduced, in other cases the reductions concerned the additional remuneration and other bonuses. In several countries, the planned salary increase was abolished, but the existing salaries remained the same. The most radical reductions of public servants' salaries were carried through in Latvia (salaries were reduced on the average by 28%), Bosnia and Herzegovina (-10%), Lithuania (-11%), Serbia (depending on the post - 10-15%), and Estonia (ca -15%). The salary reductions were on the average level in Macedonia and Moldova and smaller in Hungary, Azerbaijan and Ukraine.
- Prohibition to recruit new employees. This measure mainly included the enforcement of central restrictions on the number of public servants, or leaving the unfilled posts or posts to become avail-

able vacant. In some countries, it only meant a formal staff reduction, meaning that unfilled posts were removed from the structure.

- Holiday without a pay. This measure was applied by a few countries, for example Estonia and Lithuania. It was clear, that holiday without a pay was a temporary measure and in the longer perspective such cost-reduction measure of public sector would not be possible.
- Considerable reduction or removal of training funds. As a side effect, the measure brought along postponing or cancellation of several development activities of public service in 2010.
- Cutting other work-related expenses was a widespread measure in many countries. The list of reduced expenses ranged from the travel costs to the phone and transport compensations.

Decisions concerning the implementation of above-mentioned measures were made either by the top management of the administrative agencies or the government. Possible solutions for reducing the personnel costs were usually not discussed with public servants. Communication was primarily focused on the mass media (for example, press releases, press conferences and briefings). The public servants often learned about the changes affecting them from the media. Afterwards, the participants of the seminar admitted that direct communication with employees and informing them would have allowed identifying more efficient solutions. This in turn, would have prevented or considerably relieved the decline of the motivation of employees caused by unawareness and instability.

The Crisis has not Brought Along Fundamental Changes in the Public Service

Only few of the countries participating in the seminar have made fundamental changes. For example, in Latvia the amendments of legal acts were initiated when it became evident that public servants were less protected than employees under employment contracts. The changes launched in Latvia allowed to increase the efficiency of providing public services and rearranging the structure and remuneration in public service.

At the same time, the fundamental changes had generally been prepared already before the economic crisis and were not directly caused by the impacts of the crisis, or the measures taken due to the crisis. Several reorganisations of the Estonian administrative agencies are also such an example. Despite of that it was admitted that public service should be developed more systematically and purposeful reforms are important for building up an efficient system.

Main shortcomings of the public service that were pointed out:

- insufficient flexibility;
- insufficient competences of public servants;
- insufficient or lack of personal responsibility;
- insufficient orientation towards results (usually the evaluation of public servants is relatively static – evaluation is based on activities, not results);
- insufficient connection between strategic objectives of the state, the organisations and personal work performance of the public servant.

Various measures have been implemented aiming at human resource development. Still, most of these measures were prepared before the crisis and would have been implemented anyway. However, the crisis could have speeded up making of decisions that would have been otherwise implemented more slowly. Latvia differed from other countries - the economic crisis brought about such extensive reductions that the several development activities prepared earlier were suspended. They were not abandoned, but their implementation was postponed – it concerned, for example, the implementation of performance meas-

urement in personnel work. Additionally, some countries (for example, Azerbaijan, Macedonia) postponed the planned salary increases. Since many organisations decided not to fill vacant posts during upcoming years, having a career in public service became more difficult.

Other new European Union member states that are similar to Estonia in terms of their development, have decided to launch several developments ranging from assessments, development of competences and increasing mobility to the review of remuneration system. Attention was mostly paid to developing the performance measurement, modernisation of training systems, and optimisation and automation of work processes.

Impact of the Crisis on Motivation and Attitudes of Public Servants

Changes originating from the economic crisis had different effects on the motivation of public servants. For example, in case of the countries without any salary reductions, no general decline in motivation was noticed. However, this was not the case in the countries that had faced more extensive budgetary reductions, affecting considerably the salaries of public servants and brought about higher work load due to the staff reductions. Although it is too early to assess the effects of the economic crisis systematically, certain tendencies in public service were pointed out at the seminar.

The following were mentioned positively:

- more result-oriented thinking and attention to setting priorities;
- optimisation and automatization of work processes;
- real saving of expenditure;
- more creative approach towards trainings, using internal trainings and learning from the colleagues.

The following were mentioned negatively:

- higher risk of corruption due to the reduction of salaries and additional remunerations of public servants;
- limited career possibilities and in some cases, decline in motivation; thereby, greater risk that high-qualified employees may leave public service;
- reduction of possibilities to develop competences (trainings, development programmes) which in turn may lead to the decline in proficiency;
- greater risk of personnel turnover after the economic recession and in the course of expansion of the opportunities in the labour market - the prolonged increased of work load and lower salary may cause decline of motivation;
- decline of the attractiveness of public service in the long run which may make the recruitment of high-qualified experts more complicated, and therefore, the recruitment of employees with lower qualifications is more likely;
- lower productivity caused by higher turnover and leaving of professionals.

These countries generally perceived that the crisis has brought along the stagnation, instead of enhancing innovativeness. Discovering innovative solutions and continuing their implementation presumes strong motivation, ability to see future perspectives, leadership, financial and even more importantly, moral support, and efficient communication. These factors are rather scarce, which is a troubling sign for the upcoming years.

Several recent changes in the Estonian governance are introduced in the current yearbook. Many of the changes include the mergers of institutions, standardisation and centralisation of support functions (for example, reorganising the accounting and personnel administration in county governments). This initiative could be considered as a pilot project because in 2010, the project of standardising and centralising support functions is going to continue across central government under the leadership of the Ministry of Finance.

In the light of the preceding, it is pleasant to recognise that Estonia has thought about reorganising the operation of many government institutions and the central government. In 2009, the structural changes in the governing areas of the ministries were on the forefront. However, in 2010 several more comprehensive development projects affecting and modernising the central government have been initiated, starting from standardising and centralising of support functions and performance measurement, and ending with the developments of public service. These initiatives refer that the crisis has not suspended the developments in governance of Estonia, but rather promoted them. At the same time, it must be admitted that several decisions to reduce expenses are temporary of their nature and have only a short-time effect.

For years, the changes in the governance of Estonia have been mainly institution-driven. Even though it has brought about a fast development of many institutions, also some concerns have become evident - for example, a development gap due to uneven development and prevalence of institution-centered thinking. The latter is inevitable when each institution elaborates and implements their developments on their own, based on to their own logics - for example, personnel development and motivation systems, methods to increase efficiency of work processes or the structure of regional offices. Thus, the implementation of the national development activities is more complex, because many organisations have made great efforts finding their own ways to solve certain problem. In order to generate long-term changes affecting the efficiency and effectiveness of the governance, it is important to pay more attention to horizontal changes that would create efficient forms of cooperation between institutions. Many countries have applied various solutions for that, such as rotation of public servants, conscious confusion of institutions' boundaries including certain standardised work processes, wording and achieving common objectives as well as creating theme-based teams from different institutions.

During a crisis, it is important to consider the possibilities to promote systematic changes and start the necessary reforms. For that, it is very important to find leaders among public servants and agree on the long-term objectives of the changes. This would give an opportunity for public servants to be a part of the change process, participate in creating something new and innovative, which would in turn bring a spark into the eyes of many public servants.



Ronnie Kongo
Executive Officer of the
Transport Development
Department, Ministry of
Economic Affairs and
Communications

Experience of Merging Motor Vehicle Registration Centre and Road Administration

Improvements that help to create new work quality in the subordinate institutions are constantly in mind at the Ministry of Economic Affairs and Communications. In 2008, the ministry had a positive experience with merging the Communications Board, Competition Board, Energy Market Inspectorate, Technical Surveillance Inspectorate and Railway Inspectorate. Probably partly inspired by that in the summer of 2008, the merger of the Motor Vehicle Registration Centre and Road Administration was carried through.

Why Was the Merger Undertaken?

Even though the state budget position was quite good in the summer of 2008, reduction of expenditure was still one of the stimuli for the merging - the administration of the regional bureaus of both institutions was quite costly. At the same time, it was necessary to maintain the network

of bureaus due to the responsibilities of the institutions. Administrating two different institutions also meant duplicating their support functions. Additionally the activities in the area of road safety were duplicated. Therefore, the merging of the institutions made sense anyway.

In the beginning of the merger there was no certainty about its results yet – although general objectives had been set, the established working groups had to specify the gains of the merging and compile the list of activities with the time schedule of merging.

One of the questions causing the most discussion was the structure of the new institution. The Road Administration and Motor Vehicle Registration Centre had a different structure, which made the merging more complicated. Since the main function of the Road Administration was organising road management and most of the national highways are classified as secondary roads, several structural changes had been carried out earlier in order to allow making as many decisions on the local level as possible. The structure applied in the Road Administration was chosen as the basis for the joint agency. The structure of the Road Administration consisted of the centre and four regional offices.

Based on the work done in the working groups, the Government of the Republic decided to merge the institutions starting from 1 July 2009.

The main objectives of the joining were as follows:

- a) improving the communication and cooperation of three tightly connected areas (road network, vehicles and public transport);
- b) ensuring the sustainability of the institution and saving the administrative costs – ongoing car registration services in each county;
- c) improvement of the ability to prepare and implement large scale infrastructure projects;
- d) consolidation of road safety under unified management;
- e) unified development of three tightly connected registers (road registry, traffic register, and public transport register), including creating more outputs for citizens;
- f) greater capability to carry out new additional obligations.

If the Road Administration and Motor Vehicle Registration Centre would have had functioned separately, they would not have been able to guarantee existing level service in the circumstances of economic crisis. The joint Road Administration has been operating for about a year and we can recognise that for citizens the changes caused by the merger were hardly noticeable. Thus, one of the guiding principles of the reform has been followed, namely ensuring the access to the services on the same level.

The everyday work and the employees of the institutions were considerably more affected by the occurred changes. The main workload of planning and implementing the merger fell on the institutions to be merged. For example, all positions had to be reviewed in order to decide whether the position is based on the Employment Contracts Act, or on the Public Service Act based on specific tasks of the post. Still, the joining process was carried out in less than a year, which excluded the possibility of postponing on the activities and induced the institutions to solve the occurred problems as quickly as possible.

In terms of future developments, it is possible that additional functions concerning the organisation of public transport are assigned to the Road Administration. Reaching a situation where different types of public transport complement each other instead of competing presumes management by one institution. The regional offices of the Road Administration could perform the role of regional public transport centres, therefore guaranteeing the unified management and planning that exceeds the borders of counties.

Based on the practices of the other countries, the assignment of other additional functions to the Road Administration might be grounded as well– this could shape it into an institution that manages transport on a wider scale.



Kristina Grau
Acting Deputy
Secretary General,
Ministry of Environment

Governing Area of Ministry of Environment in the Middle of Changes

During last decade, the importance of environment has increased considerably both on the international as well national level. Therefore, the stakeholders have become more demanding towards the government institutions responsible for environmental issues. Functions of the governing area of the Ministry of Environment include organisation and implementation of the environmental, nature and radiation protection policies, ensuring the environmental supervision, compiling weather forecasts, environmental supervision and research, organising geological cartographic and geodetic operations and the performance of functions related to the land and databases of spatial data. In 2008, the Ministry of Environment was in a situation where

the structure of the institutions in the governing area and the division of functions between the institutions did not allow fulfilling the functions and challenges successfully any longer.

In the beginning of the reorganisation, there were eleven institutions in the governing area of the Ministry of Environment – the regional environmental services with the authority of executive power, two government institutions, seven institutions managed by government agencies and one state commercial enterprise belonged to the structure of the Ministry of Environment (Figure 1).

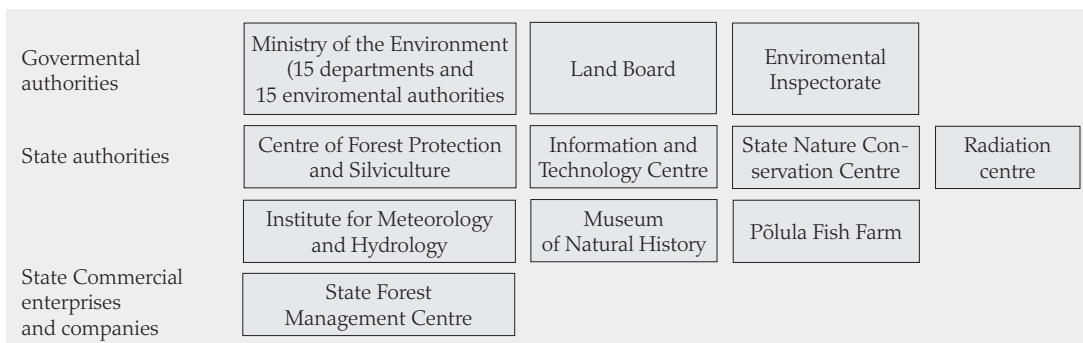


Figure 1. Governing area of the Ministry of Environment before reorganisation.

Before reorganisation the departments of the Ministry of Environment were responsible for drafting the environmental policies. The implementation of the policies took place through the regional environmental services. The structure of the environmental services was based on the division of the counties. Advantages of the county-based division included the closeness of the public servants to their main customers and cooperation partners. The disadvantages lied in the great differences in the division of work and work load of the public servants. According to the county-based structure, the specialists of all environmental areas were employed in each regional service. Due to the peculiarities of the counties, it was not possible

to provide full time jobs for all specialists. As a result, there were many combined posts including the tasks related to the several areas. However, it was difficult to attain the necessary high-level proficiency in case of such positions. Despite of the combined posts the county-based structure caused great differences in the work load. Based on the statistics of five years, the annual work load related to environmental permits per one public servant varied in the area of ambient air from 8 permits to 78 permits, in the area of waste from 8 permits to 58 permits, in the area of water economy from 6 permits to 33 permits, and in the area of earth's crust from 4 permits to 18 permits.

The main task of the departments of the Ministry of Environment was (and still is) to elaborate strategic documents and legislation. Level of activities was quite uneven among different departments responsible for coordinating the environmental services, implementing field-based policies, interpreting legal provisions, and providing public services. As a result, the regional environmental services executed similar tasks differently, including both the essence and form.

Besides the environmental services, there were several institutions in the governing area of the Ministry of Environment dealing with coordinating and applying for permits, submitting complaints and propositions and obtaining information. It was confusing for inhabitants and companies to orientate between the abundance of institutions. For the state, the situation caused administrative burden. Not understanding the division of work in the government agencies could have brought along unintended law offences.

The abundance of institutions in the governing area and unclear internal division of functions caused the duplication and partial overlapping of functions in the several areas. For example, it appeared in the area of preservation of nature in the division of work between the regional environmental services as administrators of conservation units, and the State Nature Conservation Centre as the organiser of conservation. The tendency also appeared in case of dealing with environmental data and environmental data collections in the work division between Information and Technology Centre, and Centre of Forest Protection and Silviculture. Unclear division of functions caused the inefficient usage of limited resources and internal bureaucracy of the agencies in the same governing area.

As a result of the occurred changes that took place almost two years and consisted of three stages, the number of institutions in the governing area decreased (Figure 2) and the main functions of institutions were determined.

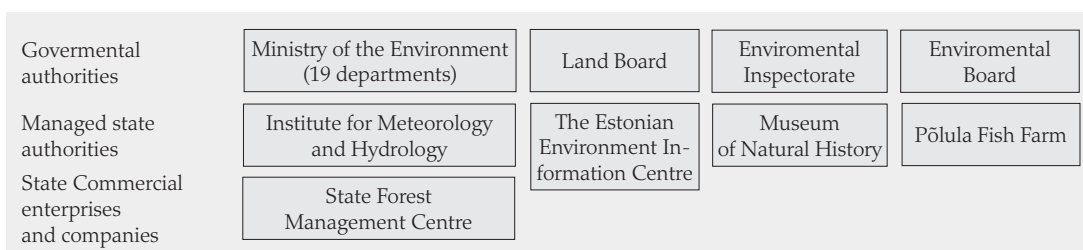


Figure 2. Governing area of the Ministry of Environment after reorganisation.

In the first phase, the Environmental Board was established on the basis of the regional environmental services of the Ministry of Environment, State Nature Conservation Centre and Radiation Centre. The main function of the Environmental Board is the implementation of environmental policies and providing public services. There are now six regional units in the Environmental Board, instead of previous fifteen. Smaller number of regional units and existence of consulting and directing units ensure an even work load and common implementation practice.

The second stage of reorganisation – rearranging the functions and management structure of the Ministry of Environment – started concurrently with the establishment of the Environmental Board, when the tasks related to the implementation of environmental policies and providing public services were delegated from the ministry to the Environmental Board. As a result, the departments of the Ministry of Environment can focus on execution of their main functions – elaborating the environmental policy.

After reorganisation of the main functions between institutions, the necessity to reorganise the structure of the Ministry of Environment was also considered necessary. As a result of the structural change, the departments responsible for dealing with new topics (for example, adapting to the climate changes) and areas of higher importance and increased work load (for example, usage of natural resources) were established. Also the areas of responsibility of deputy secretaries general were reviewed. As a result of the changes, the work load of the managers is more even, the division of tasks inside the ministry more logical and approximate areas subordinated under the common management.

In the third stage of reorganisation, the Information and Technology Center and the Centre of Forest Protection and Silviculture were joined into a new agency administered by government agency – the Environment Information Centre. The function of the agency is to collect, analyse and publish environmental data, and keeping and developing of environmental databases.

The reorganisation in the governing area of the Ministry of Environment has created the preconditions for more effective achievement of strategic objectives in the area of environment, for enhancing the quality of public services, and more efficient usage of limited resources. At the moment it is too early to draw conclusions about the success of the reorganisation. However, without the reorganisation the budget reductions of 2009 and 2010 would have affected the activities of the governing area of the Ministry of Environment more seriously. The saving is mainly based on, the reduction of posts, - after the reorganisation the number of posts in the governing area had been decreased approximately by 200.

Since the stages of reorganisation took place in different times, the focus of the institutions' activities is in different stages today. The Environment Information Centre deals actively with merging two institutions in principle – from ordering new labels to the shaping of a new organisational culture. The Environmental Board is at the end of that stage and the next priority is to increase the quality of public services. In order to achieve the objective, the principles of process management have been implemented. In addition, the development of different service channels has been initiated and private as well as non-profit organisations have been engaged in the provision of public services. The Ministry of Environment is creating the necessary management instruments for increasing the cohesion between organisations in its governing area.



Erkki Koort
Deputy Secretary General
for Internal Security,
Ministry of Interior

Establishment of Police and Border Guard Board

Pursuant to the directive number 57 of the Minister of Interior of 13 April 2007 the preparation of one of the largest reforms in the Estonian public sector during recent years began. Its presumptions were derived from the Programme for Government Coalition 2007–2011 and 2007–2011 action plan of the Government. Actual preparations, of course, began earlier. In the end of 2006, the first analysis was conducted to find out what could be the effects of the merging of the Police Board, Border Guard Administration, and Citizenship and Migration Board.

Why Was the Merger Necessary at all?

Estonian Parliament *Riigikogu* has approved the “Main Guidelines of Estonia’s Security Policy until 2015”, and one of the main five principles of the security policy is strategic planning. Enhancing the safety of the society is possible only as a result of coordinated and long-term efforts. Above all, this means consistent budget planning, consideration of the changes in environment and keeping an open mind for new solutions. Therefore, the organisation of internal security is developed in accordance with the changes and new risks in the operating environment as well as the need to increase the cost efficiency.

Similarly to other European countries, the Estonian population is aging and the percentage of taxpayers as well as population is decreasing. Despite of that trend the state has to guarantee a safe living environment. In order to be prepared for the future threats, the conceptual and structural changes are unavoidable and necessary. This is especially important in the context of constantly developing technology, which supports many new solutions that will save human labour.

What Were the Objectives of the Merger?

The merger of the executive agencies had four main objectives:

- quality and consistency of services;
- reduction of unlawful behaviour;
- optimal use of resources;
- managerial competence and quality.

Quality and consistent provision of services was an objective for the agencies as well as for their regional bureaus. Despite of being in the same governing area, the practices of the agencies and their regional bureaus varied to some extent, which was caused by execution of similar functions by different structural units. It was also important to ensure that people would receive as many services as possible from one place.

Upon joining the Schengen Area and also now, being reliable partner for other countries is important for Estonia. In order to guarantee that, a large percentage of border guards that freed up from the Southern border were transferred to the external border, to guard the Eastern border and the long sea border. It was important for police officers and border guards to treat similar offences similarly. A daily routine has shown that in people tend to think that police and border guard treat similar offences differently. A joint institution helps to solve such a problem.

The analysis of the establishment of joint agency by merging the Police Board, Border Guard Administration, and Citizenship and Migration Board, indicated that the clarification of competences and responsibilities, and a logic chain of management were considered as the strengths and opportunities by the members of the organisations connected with the merging. This in turn could allow flexible and fast reaction to the expectations of the society. Additionally, the more optimal usage of the infrastructure and converging of competences related to common goal were considered important. Today, we can say that due to the merging and centralisation of support functions, the area managed to survive the budget reductions better and the security level of the society was also maintained.

What Was the Merging Process Like?

The working group consisting of the management of the Ministry of Interior and directors general of executive agencies to be merged analysed the necessity to create a joint structure, occurring risks and principles of establishing a joint structure of a project organisation. In May 2007, the working group submitted a proposition to the Ministry of Interior to start the merging of the the Police Board, Border Guard Administration, and Citizenship and Migration Board in order to enforce the joint structure by 2010.

In October 2007, the Ministry of Interior formed a project team of 7 members responsible for merging the institutions. The project team was managed by the former deputy secretary general Marek Helm. The project team was composed of heads of departments of the ministry and deputy directors general of the agencies. At the same time, the Ministry of Interior launched the information seminars in the counties to involve regional public servants into the project from the beginning of the merging and to hear out their opinion.

In the beginning of 2008, the Government Cabinet discussed the proposition of merging the executive agencies and approved it. In February of the same year, the action plan for the merging was completed by the Ministry of Interior, one of the main parts of which became the drafting of the Police and Border Guard Act. It was one of the voluminous draft act that consolidated the Police Act, Border Guard Act, Police Service Act and Border Guard Service Act. Additionally, drafting of the new law meant also the preparation of almost 500 implementation acts.

When preparing the merger, important changes were implemented in the training and work-related training system. In the summer of 2008, the analysis on the work-related training needs of the governing area of the Ministry of Interior was carried out and also the plan for unifying the training provided by the Estonian Public Service Academy was drafted. Extensive adjustment trainings was organised for public servants and managers of the merged agencies in order to ensure that everybody would use the same terminology and would be equally informed.

The merging of executive agencies received a legislative basis on 6 May 2009 when *Riigikogu* passed the Police and Border Guard Act, and the amendments of the Government of the Republic Act and other acts that in turn amended over 500 subordinate acts.

In June 2009, the Government of the Republic appointed Raivo Küüt as the director general of the Police and Border Guard Board. In August, by his directive the Minister of Interior appointed to the office the management of the Police and Border Guard Board on the proposal of Raivo Küüt.

In Conclusion

In the Estonian context, the merger was a very large organisational change and therefore, there was no other comparable practice available. Furthermore, in the legal sense it was not a merging of three, but

fourteen institutions. The whole process did not take place without failures, additionally, many legends and insecurity followed it. On the one side, it was complained about the lack of information, but on the other side, there was passivity with getting acquainted with important information. Several times it seemed that the whole process will stop because of different visions about service ranks, orchestra, or drafting Law Enforcement Act.

Concerning the lessons learned, it can be said that the agency-based project teams might not be the best solution for managing large processes. It is more reasonable to add additional parties to the main structural framework and to ensure the better preserving of knowledge inside the organisation after the end of the project. Migrating to new information systems added enough confusion to the process, even though it was one of the preconditions of the changes, however, it was also the magnifier of the extent of the change. Concurrently with the establishment of the Police and Border Guard Board, large reorganisations took place in the area of information and communication technology of the Ministry of Interior. Namely, the support functions were consolidated into information technology and development center SMIT. The experience and lessons learned of centralising support functions can also be taken into account in the future, when elaborating the plant to consolidate support services of the state.

Above-mentioned organisational and legal changes aimed at enhancing safety of the Estonian society. The willingness of people to live here and the courage of foreign investors to invest in the country, by knowing that their business activities here are not endangered, could be considered the indications of a safe living environment.

The Police and Border Guard Board started working on 1 January 2010. The member countries of the European Union and Commonwealth of Independent States have shown their interest in the merging process in order to apply similar experience in reorganising their activities. Through the establishment of the Police and Border Guard Board, Estonia has acquired experience that can be used also elsewhere.

In conclusion, we would like to thank all parties who were involved in the process and helped to implement organisational changes. We also admit that implementation of changes affecting more than 7000 people in the current Police and Border Guard Board, Estonian Public Service Academy and Security Police Board, was not an easy task.



Karl Laas
Former Deputy Secretary
General for Population
and Regional Affairs,
Ministry of Interior

Major Regional Project of Ministry of Interior in 2009 – Centralisation of Accounting and Personnel Administration of County Govern- ments to Viljandi County Government

The question of centralising accounting and personnel administration of the county governments emerged in the spring of 2009 when the budget reductions indicated that possible changes do not assure the desired saving and instead, the possibilities must be sought among rearranging the logistics of providing supporting services.

In the beginning of the project, improving quality through comparable data was set as the main objective, supported by the unification of accounting in the financial reporting of county governments. Achieving this objective however, creates preconditions for statistical and analytical comparison of internal functions in county governments and thereby, allows making better management decisions.

During the phase of preparation, getting acquainted with the current practices was considered to be very important. In order to learn from the experience of colleagues, the Court Accounting Centre of the Ministry of Justice was visited, and also the experience of consolidating support services upon the establishment of the Police and Border Guard Board was got acquainted with in the Ministry of Interior.

Ministry of Interior appointed the accountant general of Viljandi County Government at that time, Lia Hussar, as the project manager. Three working groups were subordinated to the project manager – working group of financial records, working group of properties, and working group of personnel records. The project was coordinated by the project council, formed by the Ministry of Interior. The project council was responsible for gathering the opinions of different parties involved in the project. In addition, the tasks of the working groups included the elaboration of the future working routines between the central service unit and county governments.

“The Department of Accounting and Personnel Administration in Viljandi County Government started working in January of the current year. Therefore it is early to draw any conclusions. Creating and implementing new systems is always a complicated process, which is accompanied by certain setbacks and difficulties, but thanks to the working groups and support from the Ministry of Interior it was possible to establish and launch the new structure in a short time. Even though the department has functioned for a short time, the data comparability and saving of expenses has been achieved.”

Lia Hussar

Head of the Accounting and Personnel Administration Department of Viljandi County Government

Colleagues at the Ministry of Interior compiled a project description, including the most important answers to the questions related to the stages of planning, which in turn accelerated the preparations of the project. Due to the thorough preparations the project team was able to implement the project relatively quickly – the Minister for Regional Affairs signed the documents related to the project on 18 August 2009. The central accounting unit was launched in Viljandi County Government on 1 January 2010.

As a result of the changes, there are no separate accounting and personnel administration function in fifteen county governments and eleven subordinate institutions of the county governments any more. That service is provided by the Accounting and Personnel Administration Department in Viljandi County Government. In order to ensure comprehensive communication between county governments and the central unit, each county government has their financial adviser. Earlier, 72 public servants were employed in the finance departments of the county governments.

Currently, 18 public servants are employed in the central unit in Viljandi County Government. It is also very positive that the centralisation has not brought along the reallocation of jobs to bigger towns – Tallinn or Tartu. Although cutting of expenses was not the main objective of the project, personnel costs are saved by almost 2.8 million kroons in the county governments compared to 2009.

As for all changes, it cannot be said that there were no problems or difficulties during the implementation of the project, but due to the outstandingly professional project manager and her team from county

governments, no significant accounting-related problems occurred. Problems were rather related to public relations, therefore, several change management activities were implemented to reduce the fears and doubts.

Implementation of common accounting software (SAP) has unified the quality of the reports and has accelerated the availability of the data. For example, since 1 January 2010 the county governments have to submit only one financial management information system (*saldoandmik*) instead of the previous fifteen. The system includes consolidated data about all county governments and their subordinate institutions.

According to the decision of the Government Cabinet on 20 December 2009, to implement the consolidated financial, personnel and payroll accounting information system, the first important step has been taken in the governing area of the Ministry of Interior, thus the increase in quality and considerable savings have been achieved.



Public Service in 2009

State of Affairs and Future Perspectives of Public Service Ethics



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The State Chancellery has been coordinated the development of public service ethics since 2004. In the course of time, the training programme about public service ethics and relevant study materials have been elaborated, also the counseling about public service ethics has been provided. In 2009, two developments could be highlighted – a repeated study mapping the current situation of public service ethics was carried out for the second time, and preparations were made to establish the Council of Public Service Ethics.

State of Affairs of Public Service Ethics in 2009

In 2009, the study “Roles and Attitudes in Public Service” commissioned by the State Chancellery was completed¹. The study aimed at mapping the attitudes of public servants towards the state of affairs in the public service ethics, the image of public service and acceptability of various ethically questionable activities. 1032 public servants participated in the study. A similar study was first conducted in 2005². The study allowed to identify the most important changes in the attitudes of the public servants and

determine the development needs for the future.

Awareness of public service ethics has increased

Public servants recognise the peculiarity of the role and responsibility of officials more than before. When in 2005, 75% of officials agreed with the statement that working in public service presumes specific values and attitudes, then in 2009 the percentage of respondents agreeing with it had increased to 92%. The understanding of core values of the Estonian public service has been rooted among public servants. These values are honesty, lawfulness, expertise, dutifulness, and reliability (Figure 1). Previously mentioned values are also acknowledged in other EU countries and OECD³. Analysing the studies carried out in other countries, the expected differences in the ranking of the values appear. For example, the top officials of Denmark tend to emphasise the values associated to the ideology of the New Public Management, such as innovation, change-orientation and transparency. Similarly to Estonia, the traditional public service values such as honesty, lawfulness and dutifulness prevail in the public service of the Netherlands⁴.

1 TNS Emor. 2009. “Roles and Attitudes in Public Service” [Rollid ja hoiakud avalikus teenistuses] <http://www.avalikteenistus.ee/uuringud>.

2 Lagerspetz, M., Rikmann, E., Kivirähk, J. ja M. Sepp. 2005. “Roles and Attitudes in Estonian Public Service” [Rollid ja hoiakud avalikus teenistuses] <http://www.avalikteenistus.ee/uuringud>.

3 Moilanen, T. ja A. Salminen. 2007. “Comparative Study on the Public Service Ethics of the EU Member States.” A Report from the Human Resources Working Group. EUPAN.

4 Van der Wal, Z., Pevkur, A. ja K. Vrangbaek. 2009. “Public Sector Value Congruence Among Old and New EU Member-States?”. Public Integrity, vol 10, no 4, 317–333.

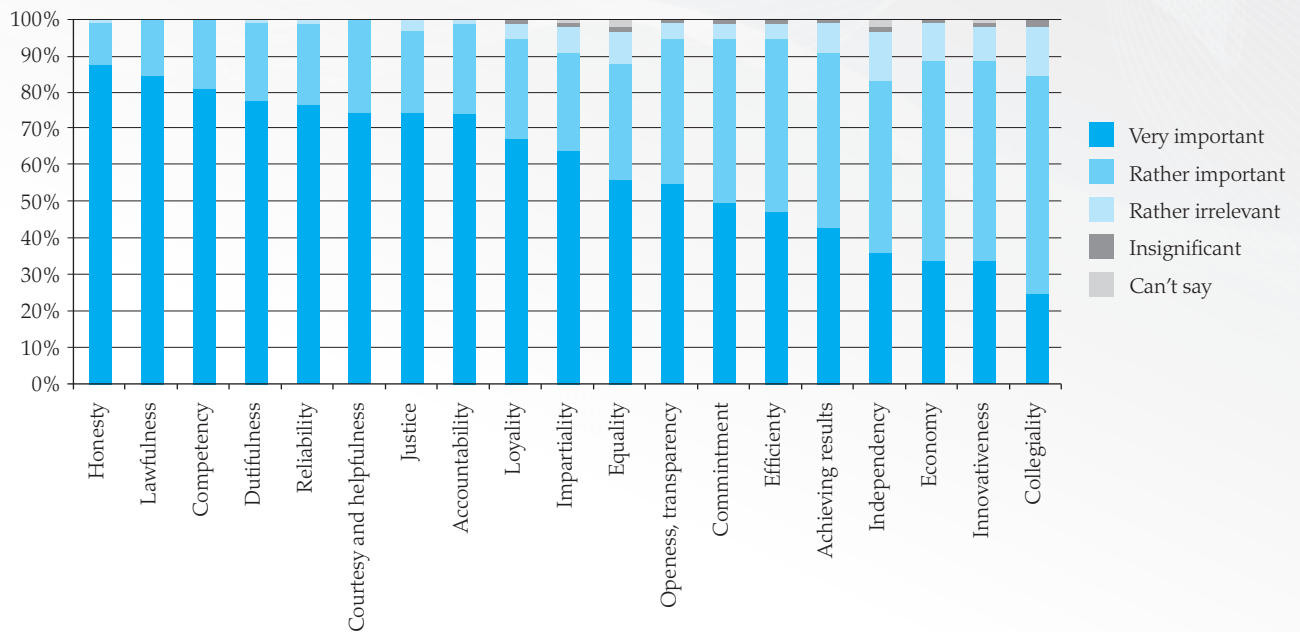


Figure 1. Values in Estonian public service.

The study indicated a connection that has also referred by other authors,⁵ concerning the ethics trainings and attitudes of the officials who have passed the trainings. In general, the attitudes of public servants towards ethically questionable activities have changed more condemning in last five years. At the same time, the attitudes of the officials who have passed ethics training are more critical towards the ethically questionable activities compared to those public servants who have not participated the trainings. By the end of 2009, over 500 state and local government officials had participated in the 2-day ethics training programme, organised in the framework of the "Central training programme". The interest in ethics trainings is still high – 73% of the public servants would participate in the ethics training.

Key areas for enhancing public service ethics

Compared to 2005, the percentage of public servants who used the Public Service Code of Ethics for solving ethically problematic situations, or have read it thoroughly has remained on the same level (35%). It can be presumed that modest usage of the Public Service Code of Ethics is partly caused by the abstractness and ambivalence of the principles included in the code, but also by insufficiency of supporting structure for implementing the code.

It is also necessary to pay more attention to specific, ethically sensitive areas towards which the attitudes of public servants differ to a great extent. These areas include, for example, giving work-related lectures for extra remuneration or during working hours, personal use of work-related resources etc.

In terms of the types of administrative agencies, local government public servants perceive the level of public service ethics, in general and in their own organisations, lower than their colleagues of other administrative agencies. Also the National Audit Office has drawn attention to the necessity of prevent-

5 Hejka-Ekins. 2001. "Ethics in In-Service Training". In „Handbook of Administrative Ethics, Cooper, T. (Ed). London, New York: Taylor & Francis Group, 79–103.

ing conflict of interest in local governments⁶. Considering the smallness of the Estonian local government units and peculiarities of performing their functions, it is not sufficient to raise awareness only among officials. Therefore, in 2010 the target group of the training programme of public service ethics will be expanded, by allowing the members of the local government council, companies and not-for profit organizations with local government participation to attend the training programme.

Enhancing Public Service Ethics through the Council of Public Service Ethics

Establishment of the coordinating body of public service ethics is not a first time undertaking. Similar bodies are operating for example, in the United States, Lithuania, Slovenia and the United Kingdom. Even though the ethics commissions have been generally established with a similar objective – to acknowledge and enhance public sector or public service ethics – each ethics commission can still be distinguished by their scope of activity, specific tasks, reporting mechanisms and bindingness of their decisions. It is important that the structure, tasks and rules of operation would correspond to the needs of the public service and would be in compliance with the existing elements of ethics infrastructure.

In the Estonian context, the establishment of the Council of Public Service Ethics (from now on *Ethics Council*) is necessary due to the following reasons:

- the implementation of the Public Service Code of Ethics is uneven and the implementation mechanisms are insufficient;
- public servants and administrative agencies lack consensus on the appropriateness of certain ethically questionable behaviours;
- the planned legislative changes concerning public service affect also the area of public service ethics – for example, new draft of Public Service Act foresees the separation of the Code of Ethics from the Public Service Act;
- the public opinion on the reliability of public service has been fluctuating, remaining in between 43% (in 2007) until 60% (in 2005)⁷.

General principles of the Ethics Council are included in the draft of Public Service Act. More detailed rules of procedure will be regulated in the Government directive on the establishment of the Ethics Council. The propositions concerning the establishment of the Ethics Council were developed by the working group formed by the State Chancellery to prepare the establishment of the Ethics Council.

The main objective of the Ethics Council is to enhance public service ethics and core values. The planned activities of the Ethics Council can be divided into four groups:

- explaining the principles of public service ethics and developing the implementation practices in the field;
- advising public servants and administrative agencies about ethics-related questions;
- participating in the strategic development of public service ethics;
- informing the publicity about the questions of interest.

Additionally, it is important to emphasise two aspects concerning the operating principles of the Ethics Council. Firstly, an important feature of the Ethics Council is its independence. Thus, the members of the Ethics Council cannot represent the positions of administrative agencies, but their own expert knowledge. Secondly, the operation of the Ethics Council is based on self-regulation and internal control. The Ethics

6 National Audit Office. 2009. "Preventing corruption in the division of work of parishes and towns" [*Korruptsiooni ennetamine valdade ja linnade töökordalduses*]. www.riigikontroll.ee.

7 Surveys carried out by TNS Emor about the competence and reliability of public servants in 2005–2009. <http://www.avalikteenistus.ee/uuringud>.

Council should mostly consist of the public servants. In order to balance the standpoint of public servants, also the experts from outside the public service will be involved in the Ethics Council. The planned Ethics Council could be compared to other self-regulating bodies that coordinate professional ethics (for example, Estonian Medical Association, Estonian Press Council).

To sum up, we hope that the Ethics Council will start functioning in 2010 and it will be a acknowledged cooperation partner in enhancing public service ethics.

Personnel and Salary Statistics in 2009



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The article gives an overview of the more important indicators in the area of personnel management in 2009. Unlike from the previous years, information collected from different sources based on institutional groups has been combined (Figure 1). The overview is based on the statistics collected by the State Chancellery and the Ministry of Finance in traditional forms, on the one hand, and on the financial accounting information system, on the other hand. Therefore, the composition of the sample varies in terms of different areas of statistics. One of the main challenges of 2010 is to reorganise the collection, analyses and technology of the data.

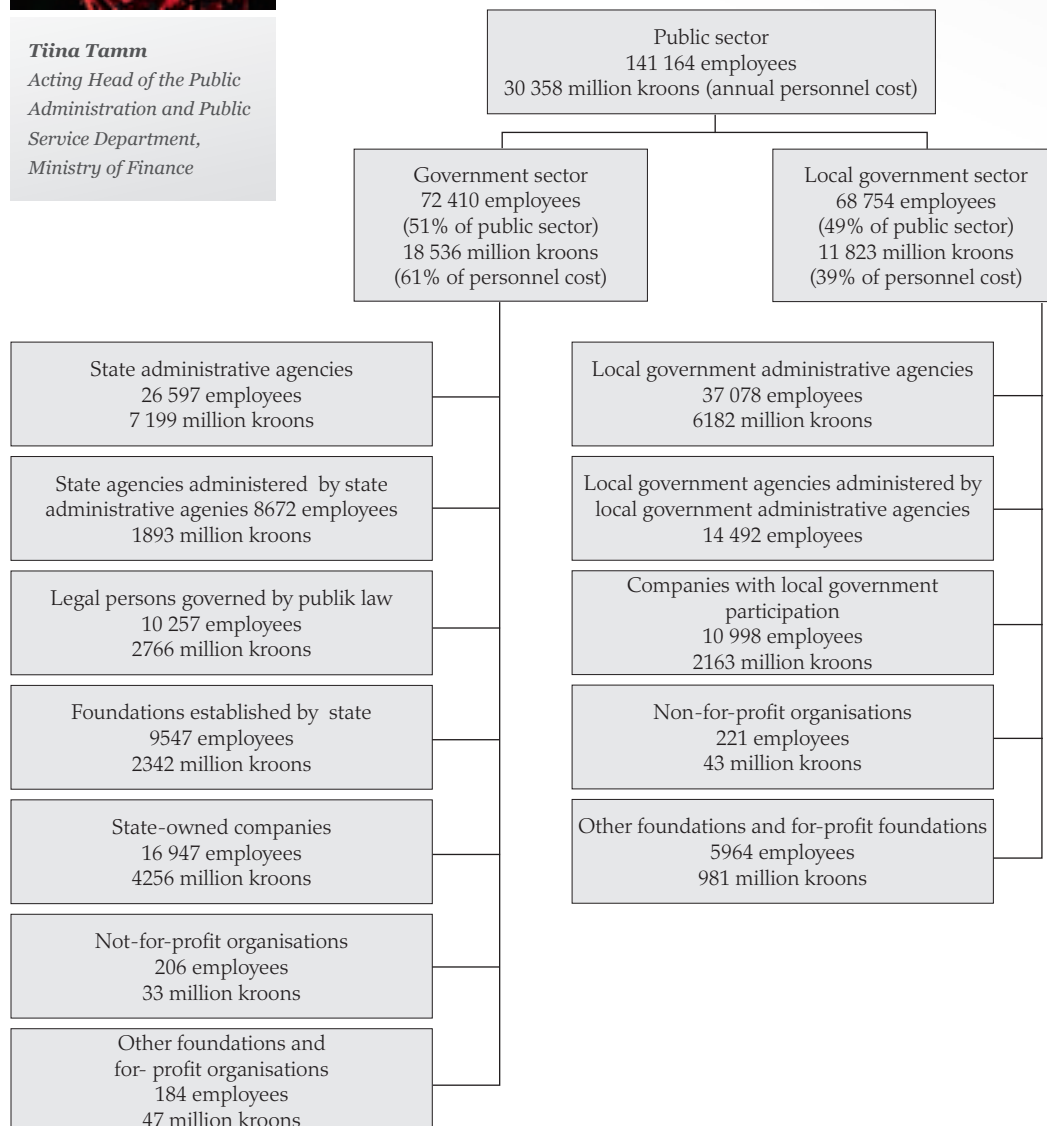


Figure 1. Layout of the public.

Differences between the numbers on Figure 1 and personnel statistics in the article (number of public servants and staff, training and assessment in public servants) are caused by the fact that the data about the number of employees from of the financial accounting information system is recalculated to full-time jobs. This applies to both, on officials as well as employees working under employment contracts. At the same time, personnel statistics covers only officials¹.

Important conclusions

Almost all areas of personnel statistics reflect the effects of the recent economic crisis and political budgetary decisions. When reducing personnel costs, the institutions have firstly abandoned different kinds of bonuses taxable as the fringe benefit, payments of compensations and benefits and performance-related pay and other one-off additional remuneration. In addition, the agreements have been made with public servants concerning the holiday without pay and as a last resort the monthly salaries have been decreased.

Compared to last year, the total number of public servants has decreased by 1049 in 2009, which is 3.5% (including regular members of the Defence Forces). Concerning the distribution by gender, the predominance of women is still noticeable, but the percentages of men and women are becoming more balanced. In addition, there is a trend towards the increasing of public servants with higher education and with the length of service over 10 years. Both trends could be considered positive because the public service needs educated officials who are aware of the developments of the state. Since most of the officials continue their career in the public service after leaving their current position, it can be presumed that public service is attractive in the opinion of the public servants.

From the positive side, the internal competence of the institutions was used more actively in 2009. In a situation where the percentage of the training budget from annual payroll had decreased to the lowest level of the last eleven years as a result of reductions of the budget, the opportunities of the administrative agencies to provide open or commissioned trainings on the same level were very limited. By adding the additional remuneration of internal trainers to the incurred expenses from the training budgets, we see that savings have not been very significant due to increased importance of internal trainings. Rather the way of thinking has been changed, by focusing on more active usage of internal resources.

More information about personnel statistics and detailed charts are available on the websites of public service – <http://www.avalikteenistus.ee/statistika>.

Although the average salary of the government sector exceeded the Estonian average in 2009, the managers of the institutions have to carefully observe the balance between different components of the motivation package so as not to have

fewer candidates per one position than in 2009 – namely, 40 applicants per position per competition. This definitely presumes careful elaboration of the training policy and development of rotation system as well as development of principles of flexible working hours and remuneration.

Ministry of Finance that is centrally responsible for public service development considers the quality and availability of data in order to make decisions concerning personnel policy and to determine development directions. In 2009, efforts were made to identify the opportunities for reducing incompleteness and misinterpretation possibilities of data and to increase the analysis capabilities of the Ministry of Finance as well as other institutions. In the following years it is important to implement a common accounting

¹ Official is a person elected or appointed to an office of an administrative agency (it is possible to distinguish state officials and local government officials).

system and to actively involve heads of administrative agencies and HR managers in determining the development needs.

Filling in the questionnaires, assembling, specifying and processing of data were very time-consuming for both, the submitters of data as well as for the Ministry of Finance. Thus, we thank all institutions who submitted the filled-in forms correctly and on time.



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Personnel and salary expenses

The analysis of personnel and salary expenses is based mainly on the data of the state financial accounting information system, which is completed with information submitted on the updated data forms. Since the consistency between traditional personnel statistics and the information of the state financial accounting system is excellent, the analysis can be viewed as a whole.

The analysis is mainly focused on the public sector, which is hereby defined as institutions owned by state or local government. The companies owned by state or local governments are also covered by the definition. Health care and educational institutions are excluded, although based by their field of activity could also be viewed as public sector.

The government and local government sectors are analysed separately. The government sector consists of governing areas of constitutional institutions, government agencies and other administrative areas (mainly legal persons of public law). The sector of local government consists of the governing area of towns and parishes, and governing area of associations of local governments.

In the longer perspective, the personnel expenses of the public sector have changed in accordance to the average salary of Estonia calculated by the Statistical Office in 2005–2009 (Chart 1). In 2008, the personnel costs of government sector decreased by 9%, the personnel costs of local government sector by 4%, and the average salary of Estonia by 5%.

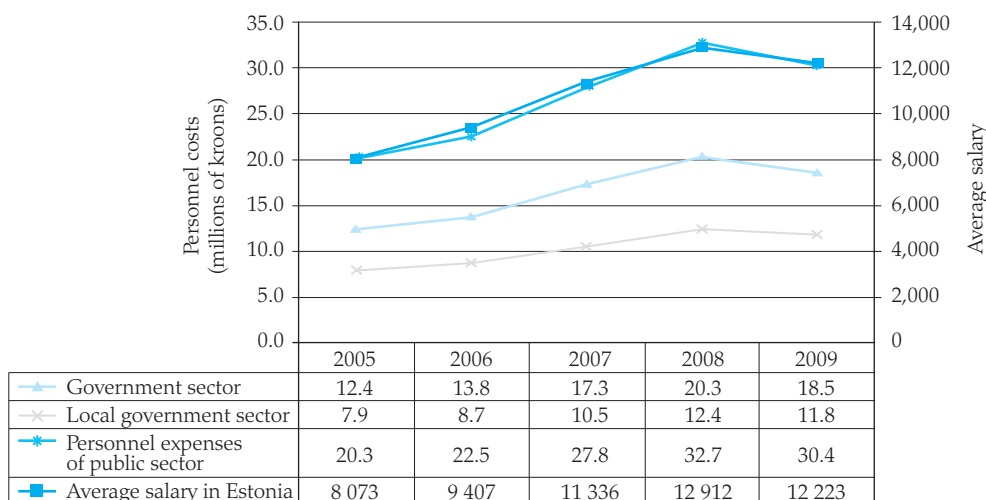


Chart 1. Change in the average salary of Estonia and salary expenses of public sector during 2005–2009.

According to the data of Statistical Office, the employment of the public sector increased by 2% in 2009 compared to 2008 (from 155,500 to 158,600). At the same time, based on the data of the state financial accounting information system (Chart 2) it appears that the number of employees recalculated to full-time work in the public sector has decreased in 2009 (from 145,717 in 2008 to 141,164 in 2009). The change is probably caused by the increase in the application of part-time work and long-time absences of employees (primarily parental leave)².

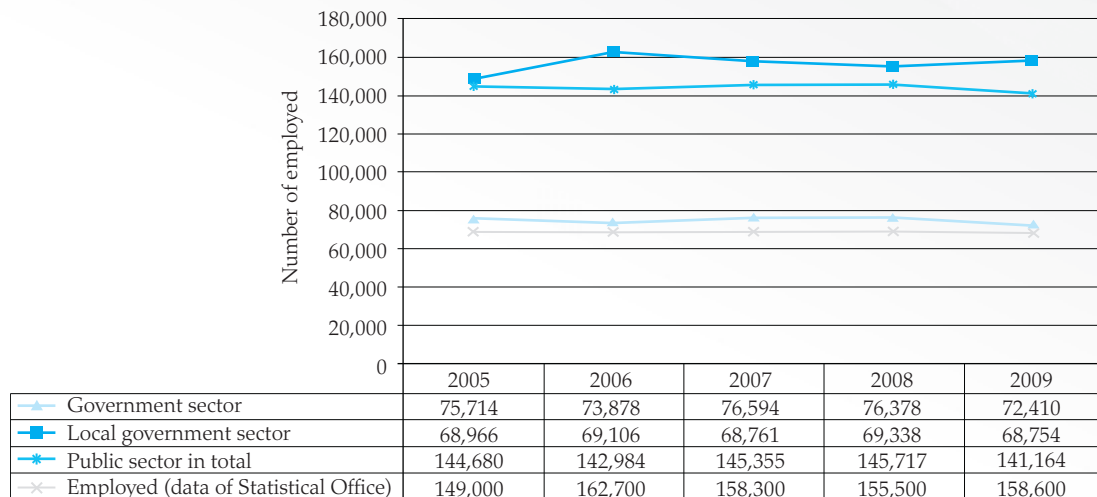


Chart 2. Change in the public sector employment in 2005–2009.

Analysis of the distribution of personnel expenses according to ministries, constitutional institutions, and governing and administrative areas of local governments (state and county government companies have been excluded, Chart 3), shows that personnel expenses of local governments (city and rural municipality governments with the administrated institutions) form the largest proportion of personnel expenses. In terms of personnel expenses, the Ministry of Education and Research (including state schools) and Ministry of Interior (including Policy Board, Border Guard Board and Rescue Board in 2009) have the largest governing and administrative areas.

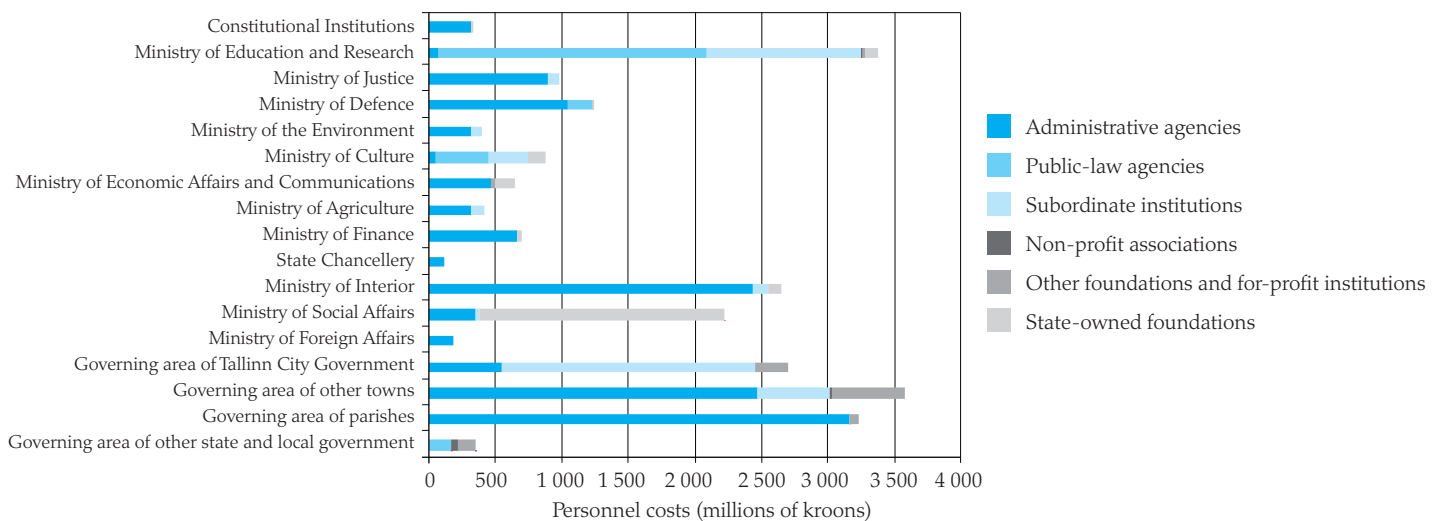


Chart 3. Personnel expenses based according to governing and administrative areas in 2009.

² The decrease may be uncertain because by the time of completion of the analysis, 13 May 2010, the data submitted to the state financial accounting information system could be incomplete.

When analysing the structure of public service personnel expenses in connection with the usage of additional staff (non-staff employees and employees under employment contracts) in 2005–2009 (Chart 4), it can be seen that the proportion of personnel expenses of additional staff was significantly higher in the government sector than local government sector (correspondingly, 4.1% and 2.1% in 2009). Compared to 2008, the level of using additional staff was on the same level in the local government sector and slightly higher in the government sector. This may refer to a wish to keep the volume of core responsibilities on a low level and recruiting temporary staff for certain projects.

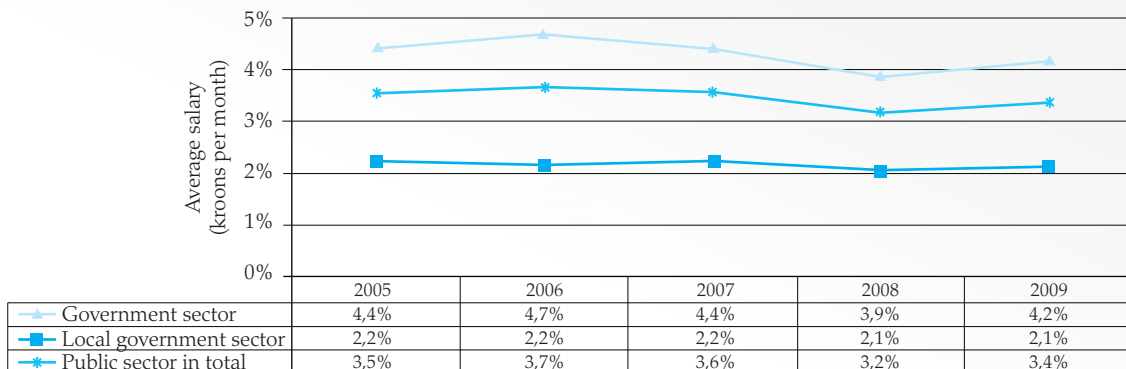


Chart 4. Proportion of personnel expenses of additional staff from personnel expenses of the institutions in 2005–2009.

Changes in the average salary have been compared in terms of categories of positions³. Change of the average salary is generally in accordance with the change of the Estonian average salary in 2005–2009 (Charts 5 and 6).

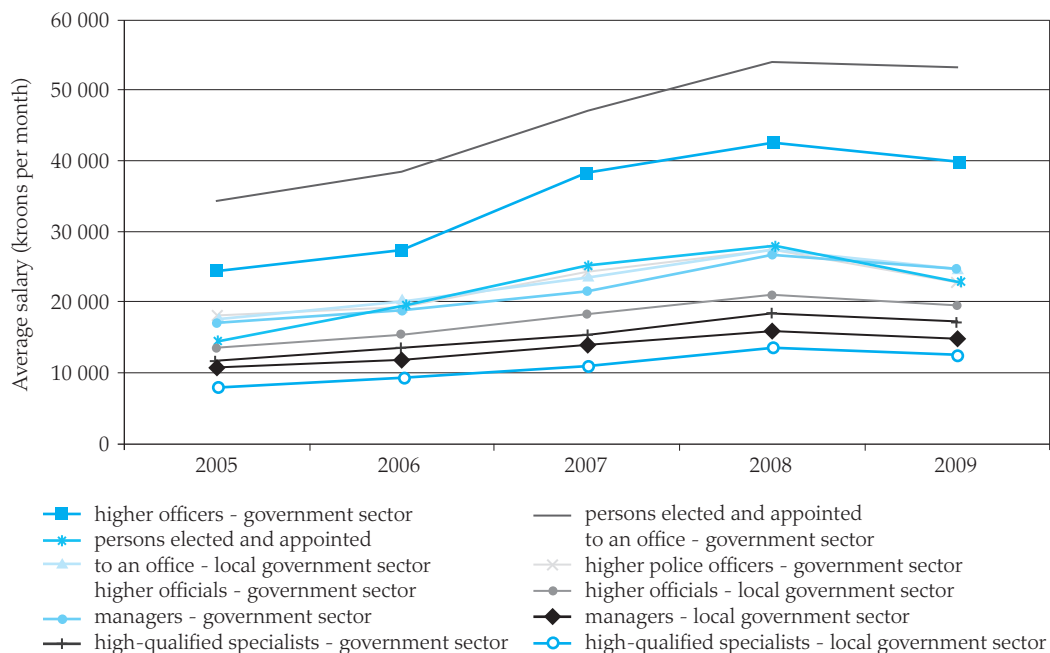


Chart 5. Average salary of managers and high-qualified specialists in 2005–2009.

3 Main categories of positions are divided into two groups in the financial accounting information system: (1) public service officials (persons elected and appointed to an office, higher officials, senior officials, junior officials, higher officers, senior officers, junior officers, non-commissioned officers, soldiers, higher police officers, senior police officers, junior police officers); (2) employees recruited under employment contracts (managers, high-qualified specialists, mid-level specialists, teachers, workers and support staff).

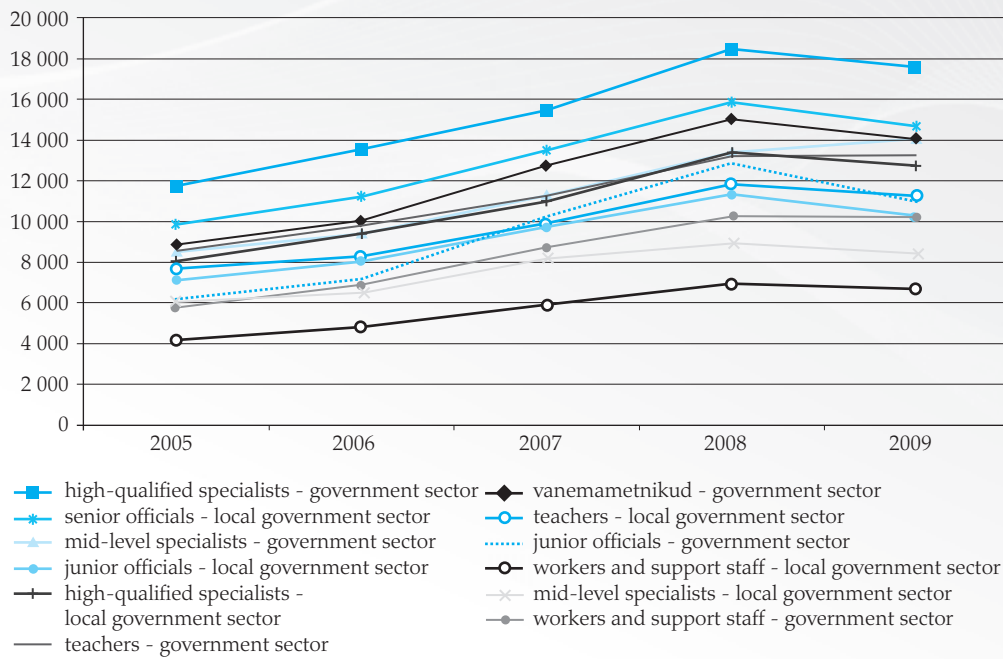


Chart 6. Average salary of specialists in 2005–2009.

The salary level among senior officials of the government and local government sector is similar, but concerning the ends of the scale the differences are quite remarkable - the salary of a high-qualified specialist of the government and local government sector differs approximately by 4,000 kroons. In addition, the salary of support staff employed in government sector exceeds the salary level of local government sector by 3,500 kroons. Without standardised job descriptions, it is impossible to evaluate the justification of such differences, but as this trend can be observed throughout the years, the differences may be related to the developments of the labour market.

The percentage of premiums and benefits in the payroll has decreased during 2005–2009. In connection with the reduction of expenses in 2009, the decrease of premiums may be caused by the efforts of the organisations to maintain the current salary level by reducing the single allowances. While in 2008, many state and local government institutions paid the premiums and benefits, then in 2009 these payments were almost absent in the public sector (Chart 7).

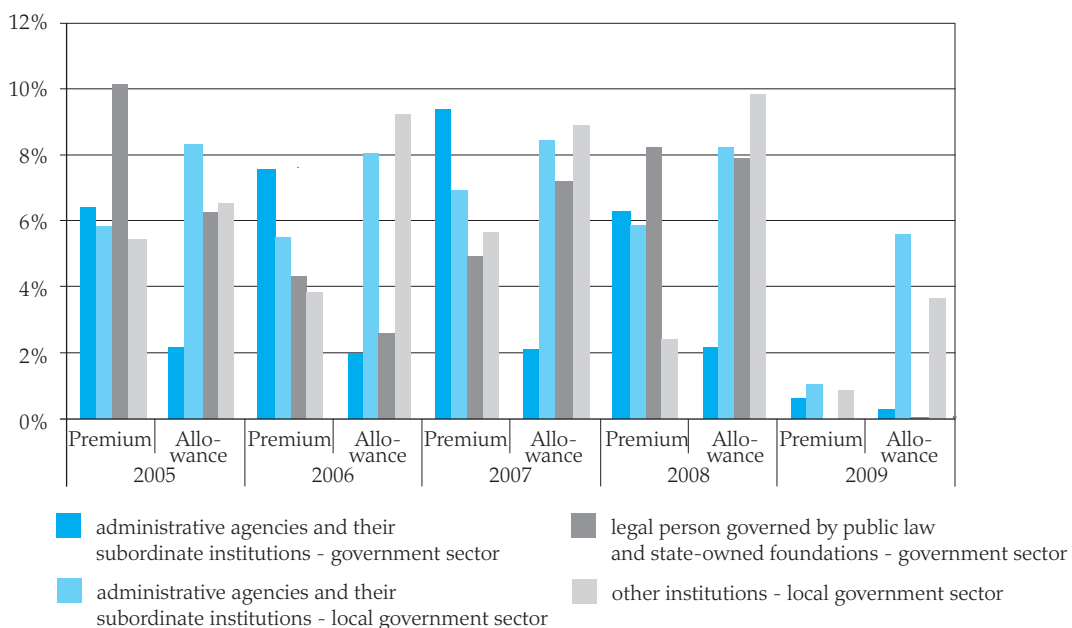


Chart 7. Proportion of single allowances of salary expenses in 2005–2009.

The curbing of the dynamics of personnel expenses was based on the decisions of the Government of the Republic of 2008 and 2009 concerning the state administrative agencies⁴ and state institutions governed by them. In April 2008, the government required the ministers to keep the personnel expenses on the level of 2008 in following two years. In July 2008, the ministers had to reduce their administrative expenses by 8%. In 2009, the personnel expenses were reduced by 10% with the first supplementary budget and 8% with the second supplementary budget including 4% in a first six months and 4% in another six months. In July 2009, the government required the ministers to reduce the personnel expenses of 2010 by 9% compared to 2009. All in all, the annual payroll of 2010 is approximately 3% smaller compared to 2007, and about 15% smaller compared to 2008.



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Usage of the Elements of Motivational System

The analysis of the motivational systems is based on the data provided by state administrative agencies and their subordinate institutions. The surveys⁵ conducted by the Ministry of Finance indicated quite expectedly that when cutting personnel expenses the institutions have firstly refused from different kinds of bonuses taxable as the fringe benefit, payments of compensations and benefits and performance-related pay and other one-off additional remuneration. In addition, the agreements have been made with public servants concerning the holiday without pay and as a last resort, the monthly salaries have been decreased. This approach is completely justified – this “buffer” allows alleviation of the crisis in a short run. However, this approach is not sustainable in a long run because in terms of salary conditions the public sector has never been, and never will be, able to compete with the private sector, (excluding some temporary exceptions).

The nature of non-pecuniary benefits and their proportion of personnel expenses depend on the peculiarities of an institution. General and common motivational elements include compensations in case of important events (for example, support for wedding, birth of a child, child going to school, jubilee and funeral), joint events, health check, nominations and other acknowledgements for a high-quality performance. Of course, the advantages foreseen by legislation are applied (for example, study leave).

Buying cell phones or their SIM cards are no longer considered a motivator, it is a rather a means of work. Compensation of phone bills is very rare (3% of respondents); generally, the limits have been determined and the over-expenditure must be born by the employee. The most common monthly limit is 300–500 kroons in case of the specialists; in case of the managers the limits are higher (increasing step-by-step).

4 Administrative agency is an agency which is financed from the state budget or local government budget and the function of which is to exercise public authority.

5 The questionnaire was sent to 306 institutions out of which 162 submitted their answers. 59% of those who did not respond were schools or cultural institutions (in total, 76 institutions) and 8% were administrative agencies. The chart about the elements motivational system in subordinate institutions of the ministries does not include schools and orphanage.

In case of reimbursing the car expenses, the limits (usually 1000 kroons per month) as well as the compensation based on a driving diary are applied. Similarly with cell phones, the rate of the limit or compensation depends on the nature of the work or the position of the public servant in organisational hierarchy.

There is almost no allowance of dwelling (3 ministries compensate the apartment rent of the minister) or it is connected to foreign representations (6 ministries and 2 executive agencies). Occupational apartments are used by a few institutions where transfers from one region to another are obligatory. In such cases, the employer provides the employee with accommodation, but the expenses are covered by the official using the rooms.

Parking expenses of a personal car are not compensated, but some institutions have their own parking space where their employees can park for free. Parking fees of business trips are compensated (usually these institutions are located outside Tallinn).

Generally, there is no practice of compensating the participation in formal education. This compensation has been provided only to a few people and has directly been connected to the requirements of their post.

Additional holiday is mainly used in such subordinate institutions of the ministries where the proportion of the specialists with 28-day annual holiday is higher and the obligation for additional holiday has been established with collective agreement. The usage of additional holiday allows alleviating internal inequality and the duration of the additional holiday is usually 7 days (public servant is entitled to 35 days of annual holiday).

In general, representation expenses are foreseen only for top executives and foreign representations. The area of culture is an exception, because the opening of events, making presentations, etc. depends on the peculiarity of a certain area there.

Concerning more traditional benefits, including the benefits in case of important events (wedding, birth of a child, child going to school, birthday (jubilee) and funeral), the birth and funeral allowances have remained. In some cases also the allowance for a jubilee. Among other types of benefits, the health checks and partial compensation of buying spectacle lenses can be considered as the most common. The county governments have also pointed out the order of merit, nominations, souvenirs, etc. to motivate the best officials. In some administrative agencies the tradition to organise joint events at Christmas and in summer has remained.

Based on the Charts 8-11, it is clear that the constitutional institutions are most successful in applying the measures in accordance with the directions of the information society – including flexible working hours, part-time work and remote work, self-education or study leave. Executive agencies and inspectorates on the other hand cannot afford these measures due to the nature of their functions (established working hours of serving citizens, etc.). Therefore, the central regulation of the usage of motivation elements is not reasonable.

Information about usage of motivational elements is based on additional explanations provided by the respondents. The objective of the survey was not to collect specific numerical data, but rather map directions in different usage of elements of motivational system.

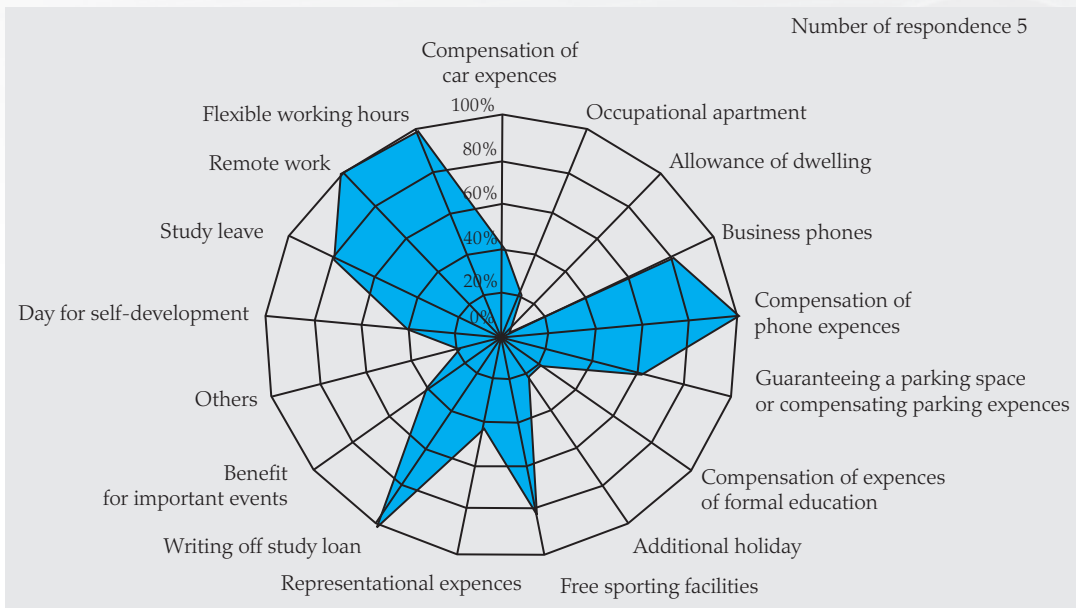


Chart 8. Motivational elements in constitutional institutions (percentage of institutions responded).

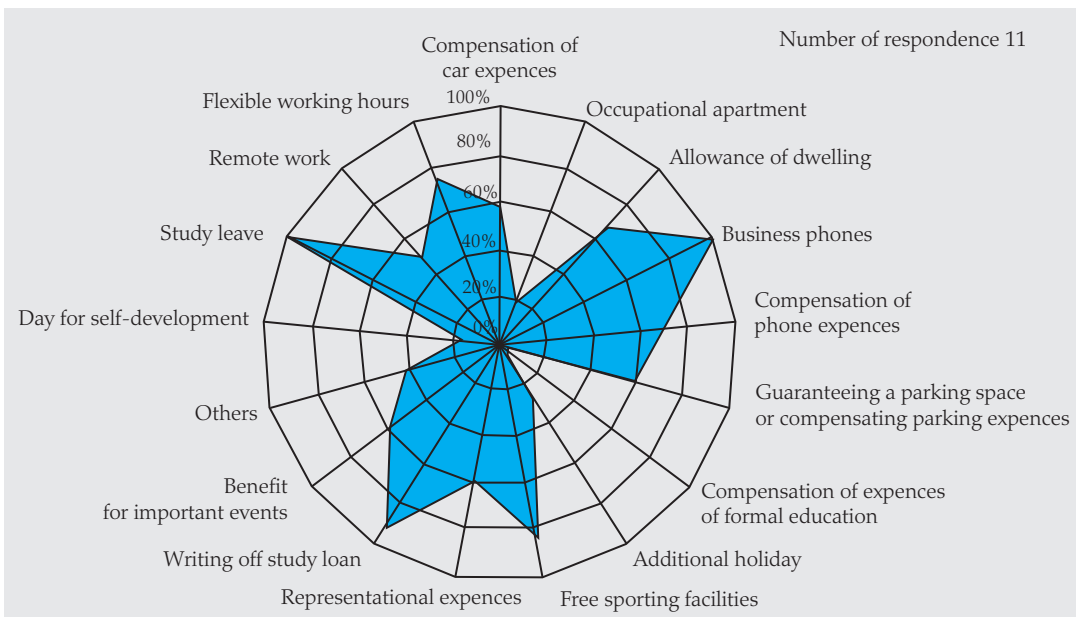


Chart 9. Motivational elements in ministries (percentage of institutions responded).

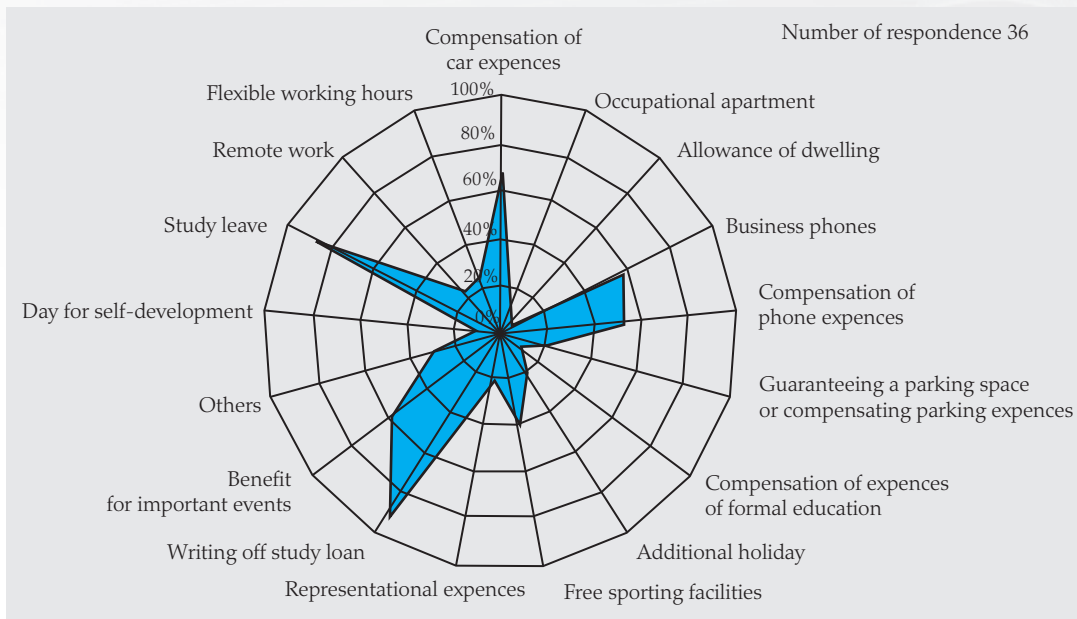


Chart 10. Motivational elements in executive agencies and inspectorates (percentage of institutions responded).

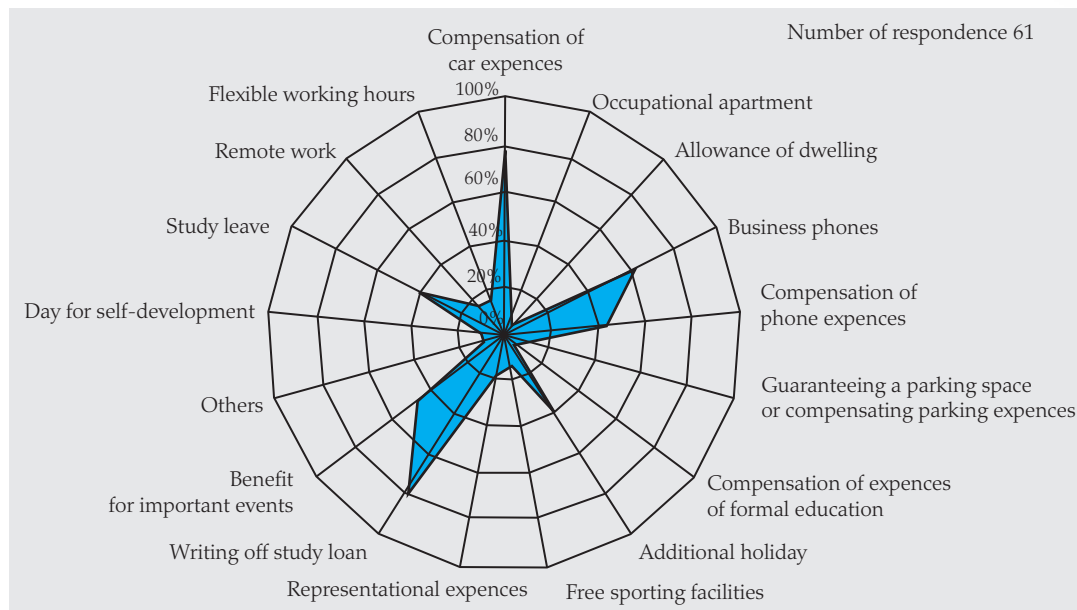


Chart 11. Motivational elements in institutions governed by ministries (percentage of institutions responded).



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Number and staff of officials

General personnel statistics is specifically focused on public service and officials⁶, employed in state or local administrative agencies. The sample also contained officials of specific type of public service (for example, police officers, rescue service officials, professional military, prison officers, public prosecutors, judges, assistants of judges), whose service relationships are regulated by specific acts in addition to the Public Service Act.

As of 31 December 2009, 28,632 officials were employed in the public service. The total number of officials in state and local government administrative agencies decreased by 1,049 compared to 2008, which is 3.5%. In the end of 2008, in total the number of officials was 29,681. 23,307 officials were employed in state administrative agencies, including specific types of public service (Chart 12). 5,325 officials were employed in local government administrative agencies.

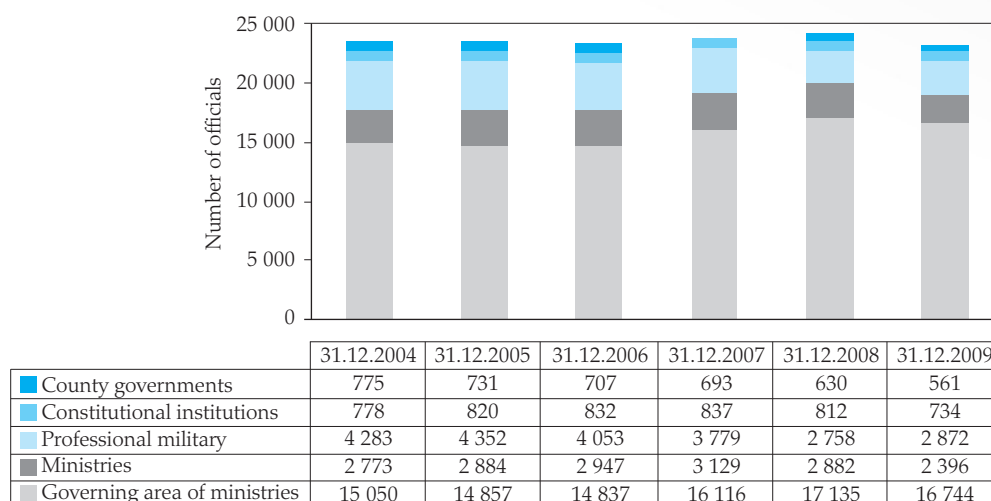


Chart 12. Distribution of state officials according to institutional groups 2004–2009.

When in 2008, 22,775 officials were employed in ministries and in their governing area⁷ then in 2009 the number was 22,012. Therefore, the number of officials decreased by 763, which is 3.4%. However, due to the structural changes and reorganisations, the number of officials has increased in some administrative agencies. In addition, few new institutions have been established (for example, to the governing area of the Ministry of Economic Affairs and Communications, Ministry of the Environment, and Ministry of Social Affairs).

⁶ Official is a person elected or appointed to an office on the staff of an administrative agency (state officials and local government officials are distinguished).

⁷ Including 11 ministries and executive agencies, inspectorates and other government institutions. The total of the Police Board includes data from 7 institutions (including Central Personal Protection and Central Criminal Police). The total of the Rescue and Border Guard Board has been compiled based on 6 institutions. The total of prisons was compiled based on 5 prisons and the total of courts based on 4 county courts, 2 administrative courts, and 2 circuit courts. In this group, data about specific types of public service is also included.

In ministries, the number of officials decreased by 486 or 16.9% last year. In the governing area of Ministry of Defence, the staff increased by 3.6% due to the increase of the staff employed in the Defence Forces and National Defence League. The number of officials employed under the Public Service Act as well as professional military increased.

In constitutional institutions and in the State Chancellery with its subordinate institutions,⁸ the number of officials decreased by 78, which is 9.6%. The decrease of the number of officials was the largest in the State Chancellery and the National Archives, correspondingly 26.9% and 19%.

In county governments, the number of officials was reduced by 69, which is 11%. In percentage terms the decrease of the number of officials was the greatest in Võru and Hiiu county governments, correspondingly 31.8% and 26.7%.

According to the State Public Servants Official Titles and Salary Scale Act, the basic categories of officials are as follows – higher, senior and junior officials.⁹ Compared to last year, no remarkable changes have occurred concerning the staff of the basic categories of officials and their division in terms of percentage is the same.

During years, the biggest change has occurred in the basic category of junior officials, the percentage of which decreased from 34% in 1997 to 5% in 2009. The percentage of support staff formed 8.7% of the total number of officials, remaining on the level of 2008.

In local governments the number of officials decreased by 139, which is 2.5%. The distribution of officials according to basic categories has also remained constant in local governments. In 2009, the percentage of higher officials was 28.8% (1,535 officials), percentage of senior officials 63.7% (3,390 officials), and percentage of junior officials 7.5% (400 officials). The support staff of local governments formed 16.7% of the total of local government public servants.

In 2009, 2,285 officials left the state service for various reasons, which is 10.6% of all officials who were in service in 2008. 1,651 officials have entered into the service, which is 7.7% of all officials in the service in 2008. Proportionally, the mobility of the officials was the highest in the group of ministries – in 2009, 20.4% of officials left the service. In 2009, the mobility of public servants was the most stable in executive agencies and inspectorates – namely, 8.5% of officials left the service and 7.8% of officials entered into service.

23.2% of the officials who left the post acquired new post public service again, which is 0.3% more than in 2008. 6.7% of the officials who left the service, acquired new post in the private sector (compared to 14% in 2008 and 23.4% in 2007) and 0.8% of officials who left the service acquired new job in the European Union or other international organisations.

The year 2009 indicated that there is a increasing trend of continuing the service in public service after leaving the post and decreasing mobility from public service to private sector (Charts 13 and 14). Additionally, the number of officials coming from the public service has increased, which might be caused by reorganisation and optimisation of administrative agencies.

8 Including the Chancellery of *Riigikogu*, Office of the President, Supreme Court, National Audit Office, Office of the Chancellor of Justice, and State Chancellery. The National Archives in the governing area of the State Chancellery has also been included among constitutional institutions.

9 Data does not include specific type of public service.

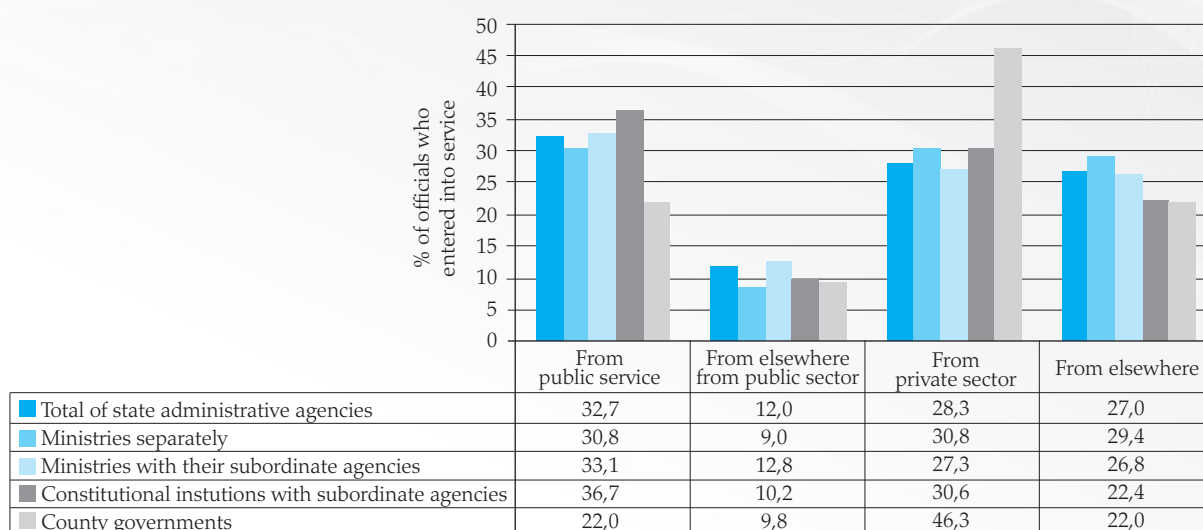


Chart 13. Distribution of public servants who entered into the service in 2009, according to their previous position.

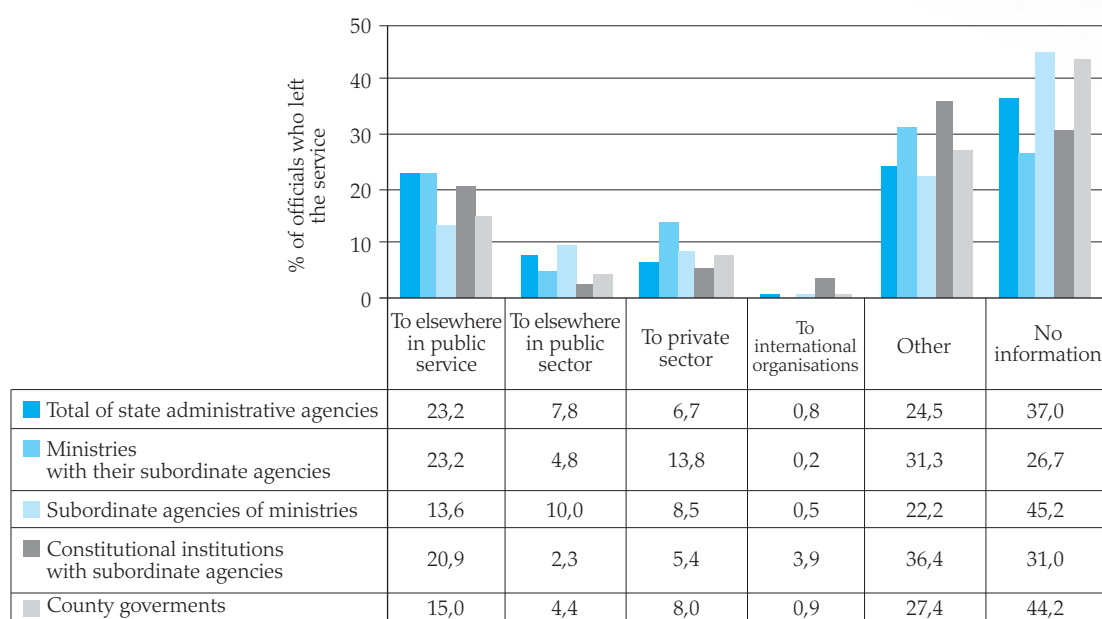


Chart 14. Distribution of public servants who left the service, according to their new position.

In 2009, personnel turnover¹⁰ of state administrative agencies was 6.7% (10.6% in 2008). In 2009, 886 officials or 38.8% left the service due to expiry of term of service, winding-up of administrative agency or lay-offs, which exceeds the figure of 2008 by 83 officials.

¹⁰ The number of officials who left service due to expiry of term of service, winding-up of administrative agency or lay-offs was not included for calculating the personnel turnover. The result has been divided by the average annual number of officials and multiplied by a hundred.

In such a situation as is expected that the recruitment of new officials¹¹ decreased in administrative agencies – in 2009, the number of officials entered into service, decreased by 50.3% compared to 2008. In state administrative agencies the number of competitions decreased by 48.7% (Chart 15). Competitions were announced for filling 642 positions. Out of all competitions 72.3% were open¹² and 27.7% were internal¹³. 32.3% of positions were filled without competitions.

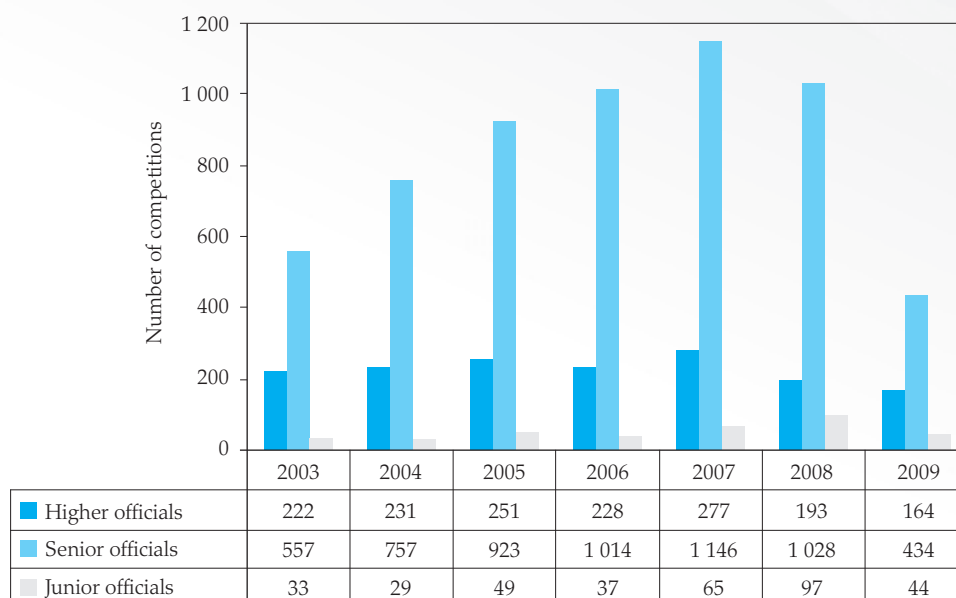


Chart 15. Number of competitions in 2003–2009.

Based on the institutional groups, approximately 99% of vacant positions in ministries, 55% of vacant positions in the governing area of ministries, 80% of vacant positions in the county governments and 57% of vacant positions in constitutional institutions were filled by competitions. Concerning the vacant positions of higher officials in the state administrative agencies, 81.6% of vacant positions were held by competitions. As expected, the number of open competitions exceeds the internal competitions, forming 72.3% of the total number of competitions. 70% of administrative agencies held at least one open competition.

On the average, approximately 40.5 applications were submitted per position. Compared to 2008 (on the average, 13.4 applications per position), the number has increased considerably. Similarly to last year, the positions in constitutional institutions were most desired – on the average, 65.2 applicants per position.

Concerning internal competitions, approximately 3.2 applications were submitted per position (in 2008 the number was 5.8). Of course, the number of internal competitions depends on the size of an administrative agency, the forms of holding competition (inside the governing area or inside the administrative agency) and the profile of the vacant position. In total, 12.8% of the competitions held by the state administrative agencies failed.

11 Does not include specific type of public service, because the system of recruitment and evaluation is based on different rules.

12 Open competition – information of vacant position has been published internally (including governing area of an administrative agency) as well as to the wider public through accessible channels.

13 Internal competition – information about vacant position has been distributed only inside an administrative agency of its governing area.

Concerning local governments, 60 of them hold a competition. In total, a competition was announced 139 times. The average number of applications submitted per open competitions was 22.6, and 2.3 in case of internal competitions. 93% of the competitions were successful: suitable candidates were found on 129 times.

Finding suitable candidates is a challenge in terms of the functioning of an administrative agency as well as the success of the public service as a whole. To recognise the key positions, key employees, the development of organisational labour and the resource requirements for the upcoming years is very important.

When planning recruitment and development as well as creating motivational systems, it is important to take into account the distribution of officials by age, educational level, and length of service. Even though no drastic changes have occurred in these figures, the development of certain trends is noticeable.

In the age structure of the officials and based on the data of 1998-2009, greater stability can be noticed, which is in turn pretty anticipated due to the longer history of public service. In addition, it is not possible to exclude the impact of the aging Estonian society on the age structure of public service (Chart 16).

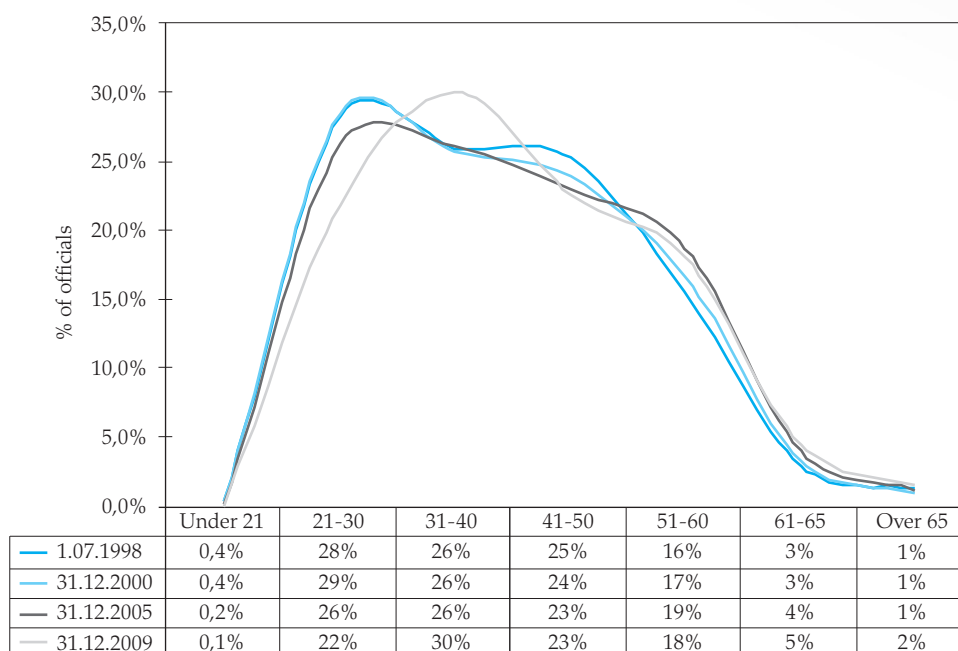


Chart 16. Distribution of state officials according to age in 1998–2009.

The youngest officials still work in ministries and constitutional institutions, where the percentage of officials aged 21–20 formed 66.4% in the ministries and 54.2% in the constitutional institutions. In 2008, 65.9% of officials in ministries and 52% of officials in constitutional institutions were under 40 years old. Thus, the staff of ministries and constitutional institutions has become even younger. The staff of the county governments could be considered the most stable – 75.8% are over 41 years old. Last year the corresponding figure was 76.2%. To sum up, the average age of officials has somewhat decreased.

41–60-year-old officials form more than half of the local government officials, namely 57% (in 2009, the percentage of 21–30-year-old was 13.4%, percentage of 31–40-year-old was 20.3% and the percentage of over 60-year-old was 9%). Compared to last year there were no changes.

Changes in the indicators of length of service reflect the decrease in recruitment. It can be assumed that choices have been made concerning the structure of involuntary turnover – compared to 2008, the percentage of officials with the length of service under 1 year decreased 2.6%. At the same time, the percentage of officials with length of service over 10 years increased by 6.8% during two years.

Officials with the longest length of service are still employed in county governments, where 37.3% of officials had length of service over 10 years. In 2008, the corresponding figure was 34.2%. The number of officials with length of service of under 1 year in a given organisation was the highest in ministries and county governments, 7.1% in both. In 2008, the figure was the highest in executive agencies and inspectorates, namely 10.8%.

Concerning the local government administrative agencies, no bigger changes can be anticipated concerning the length of service – in 2009, 44.3% of local government officials had length of service of 1–10 years and 52.4% over 10 years, in 2008 the corresponding figures were 48.9% and 51.1%.

To sum up, half the officials have the length of service over 10 years (Chart 17). It could be expected that this is caused by stronger security and loyalty towards an organisation in addition to the longer history of public service.

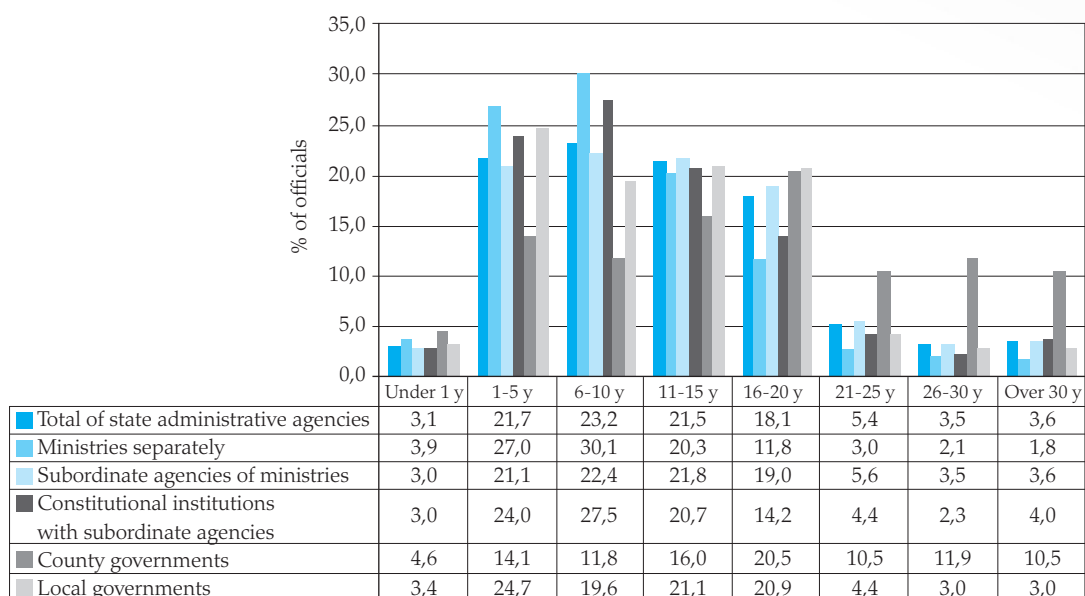


Chart 17. Distribution of officials according to the length of service (as of 31 December 2009).

Additionally, the distribution of men and women in the public service is balancing. In 1997, 53.5% of public servants were men and women formed 46.5%. By the end of 2009, the percentage of men was 42.3% and of women 57.7% (Chart 18). Including regular staff of the Defence Forces the percentage of men was 48.2% and of women 51.8%.

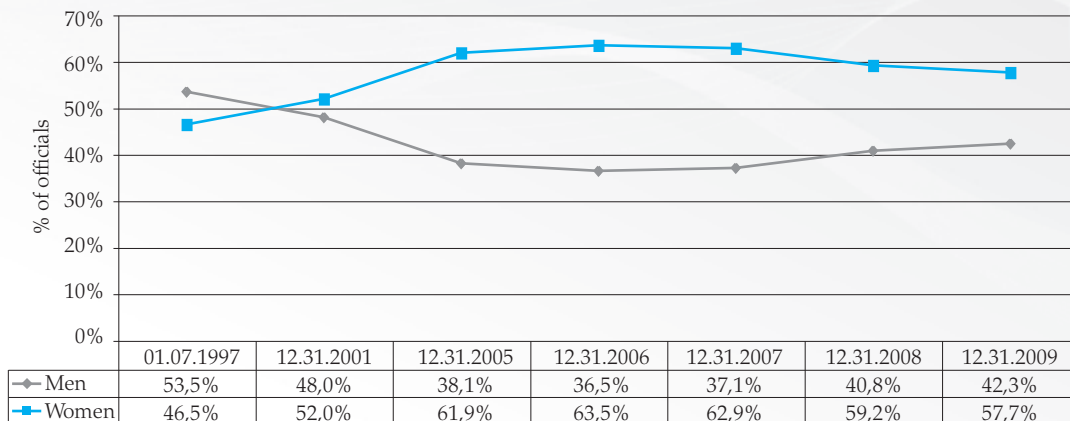


Chart 18. Distribution of state officials according to gender 1997–2009.

Educational level of officials has been continuously improving and in 2009, 58% of officials had higher education (Chart 19).

The most officials with higher education are employed in ministries, forming 83.4% of staff in ministries. The percentage of officials with higher education has increased in ministries and as well as in executive agencies. In local governments, 65.1% of officials had higher education (in 2008, 63%).

Public servants with secondary education formed 22.9% of officials in 2009 and 25% of them were employed in executive agencies and inspectorates. In 2009, the percentage of officials with secondary specialised education was 19%. 13.6% of local government officials had secondary education, and 21.2% had secondary specialised education.

By the end of 2009, there were 57 officials with basic education, which has been decreased by 16 officials compared to 2008. Although the Public Service Act prescribes the requirement of secondary education to Estonian officials, there is an exception. The exception is applicable to the officials who were in public service before the Public Service Act came into effect on 1. January 1996 and who corresponded to other conditions.

In 2009, 8.5% of officials were acquiring formal education. In local governments, 5.6% of the officials were acquiring formal education.

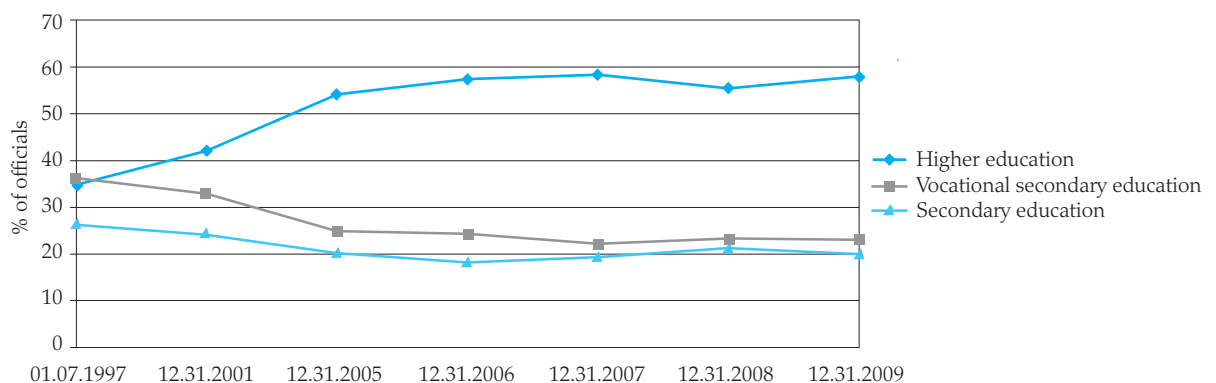


Chart 19. Distribution of state officials according to educational level in 1997–2009.



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Training in Public Service

In 2009, the percentage of monetary resources of the payroll used by state and local government administrative agencies¹⁴ for training activities decreased to the lowest level of the last eleven years, forming 1.4% of the annual payroll on the average (Chart 20).

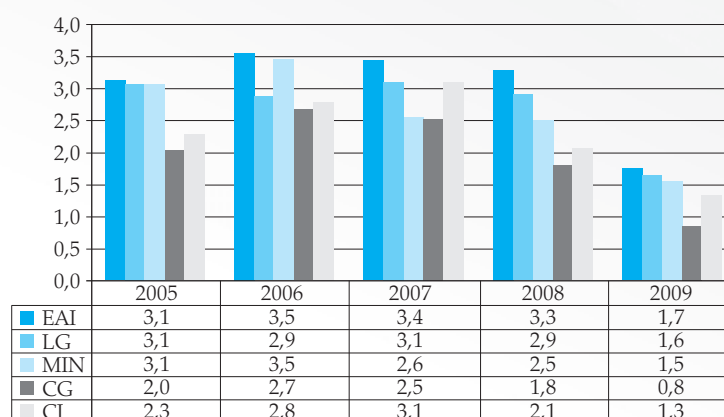


Chart 20. Money spent on trainings (percentage of the annual payroll) in 2005–2009.

Due to the reduction of administrative costs, the total training budget decreased by 74.5 million kroons, which is 47.7%. The total training budget used for trainings was 55% smaller than in 2008. The usage of foreign aid as a source for funding trainings, decreased by 82% and formed approximately 10% of training expenses.

Amount spent on trainings by administrative agencies decreased by 60.6% on the average, which is about 108.4 million kroons. In total, 70.4 million kroons were spent on trainings (Annex, Table 8). In terms of spent monetary resources, the situation of the public service training is comparable to the year 2004 when 73 million kroons were spent on trainings. In 2009, the funding of trainings was mostly influenced by large reductions in the training budget of the Defence Forces. When in 2008, in total 72 million kroons were spent for training of Defence Forces (including 29 million kroons of foreign aid), then in 2009, the total training budget on Defence Forces was approximately 10 million kroons. Excluding the data of Defence Forces, the training expenses decreased in executive agencies and inspectorates approximately by 34.5%, and in state and local government institutions by 43%.

Commissioned by the State Chancellery, approximately 8 million kroons were spent for public service training funded from “Central Training Programme” and approximately 3 million kroons for the development programmes of senior executives¹⁵. Including centrally used resources, 81 million kroons were spent on training by the state and local government administrative agencies.

¹⁴ More detailed overview of funding public service trainings, training volumes, target groups, training areas and forms has been presented according to institutional groups: ministries (MIN), executive agencies and inspectorates with other government institutions in the governing area of ministries (EAI), county governments (CG), constitutional institutions with the National Archives in the governing area of the State Chancellery (CI) and local governments (LG).

¹⁵ 85% of the expenditures of the programmes were funded from the European Social Fund.

In 2009, the state administrative agencies spent 876,588 kroons for trainings of the senior executives of public service¹⁶, which is 6,5% less than last year. At the same time, the percentage of training expenses of senior executive trainings increased in the executive agencies and inspectorates as well as county governments, forming approximately 1.6%. The volume of senior executive training hours remained on the same level: secretary generals: 48.4 training hours, deputy secretary generals: 48.2 training hours, and heads of inspectorates and agencies: 43.7 training hours per participant. Training volume of five county governors was approximately 27 training hours per participant. Thus, the average number of training hours was approximately 41.8 per senior executive, which is 35% less than in 2008. Comparing the training volumes of senior executives with the average training volumes of higher, senior and junior officials (36.4) of the same institutional groups, the training volume of senior executive exceeded the average training volume per participant by 5.4 hours.

In 2009, the total number of training hours decreased by 19.6% on the average. The decrease of training volumes was the smallest in ministries, on the average 41.1%. In the group of executive agencies and inspectorates the hourly training volume remained on the same level. In total, the training volume of local governments increased by 11.2%. This was somewhat caused by the fact that in 2009, more local governments submitted their data compared to last year.

Concerning training areas, the areas with the highest training volumes were trainings connected to main activities of the organisation and public relations (correspondingly, by 26% and 26.8%) and in the area of law (22.2%) (Chart 21). Last year, the volume of trainings connected to main activities of an organisation increased on the average by 9.6%, forming 56.8% of total volume of training in public service. Similarly to earlier years, language learning was on the second place, forming on the average 10% of total training volume (4.2% less than in 2008). The training volumes of the executive agencies and inspectorates had the biggest impact on the total training volume, because in 2009, the training volume of this institutional group formed 78% of total training volume of public service.

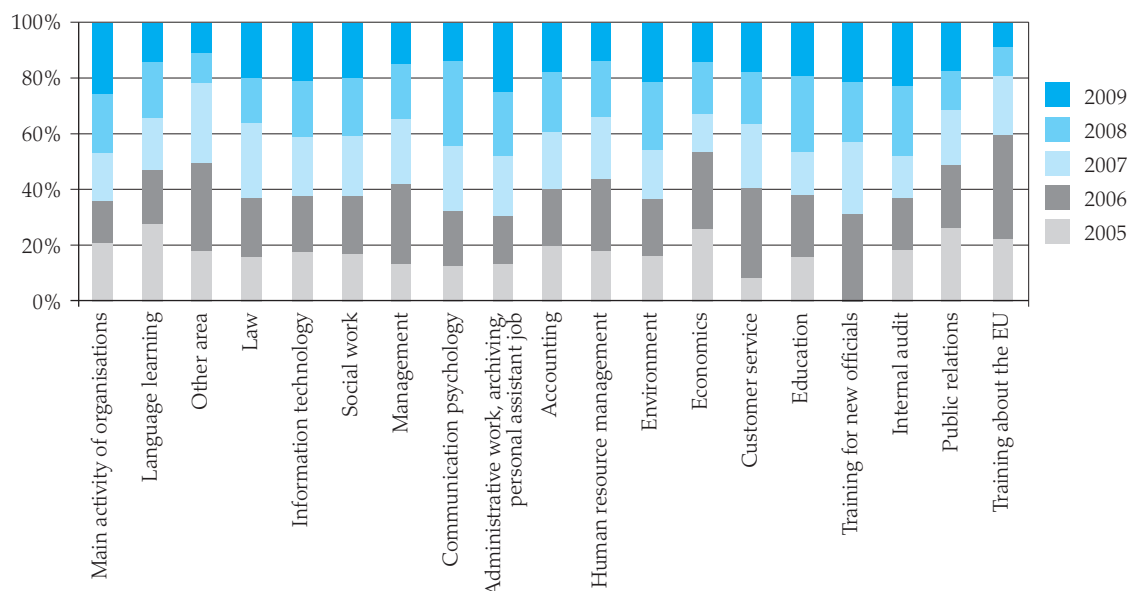


Chart 21. Training volumes according to training areas in 2005–2009.

¹⁶ Including secretary generals and deputy secretary generals of ministries, heads of executive agencies and inspectorates, and county governors.

More information about the distribution of training volumes of training areas in agencies and inspectorates, ministries, constitutional institutions, county governments, and local government institutions, can be found on the website of public service, in the section of training statistics.

In 2009, internal training¹⁷ became the training form with the largest volume, forming 37.4% of total training volume (Chart 22). The increase of the volume of internal trainings was the largest in executive agencies and inspectorates (by 11.1%), where approximately half (45.8%) of the trainings were based on internal knowledge and skills of the employees of the administrative agencies. The percentage of commissioned training¹⁸ that formed the largest training volume so far, decreased on the average by 5.9%, forming 31.7% of total training volume. The percentage of open trainings¹⁹ decreased in the same extent, forming on the average 24.1% of total training volume. The volume of open trainings increased only in the ministries (by 4.1%), forming 54.4% of total training volume. Similarly to ministries, open trainings from the largest training volume also in county governments and local governments. In constitutional institutions, training volume of commissioned training equals the volume of open training (approximately 43% of total training volume). Volume of e-learning has somewhat decreased, forming 3.8% of total training volume. Independent study was used the most in local governments – the training volume of independent study increased by 2.7% and formed 3.6% of total training volume. At the same time, compared to other training forms, the volume of independent study is the smallest, indicating the development opportunities in the motivational systems of administrative agencies.

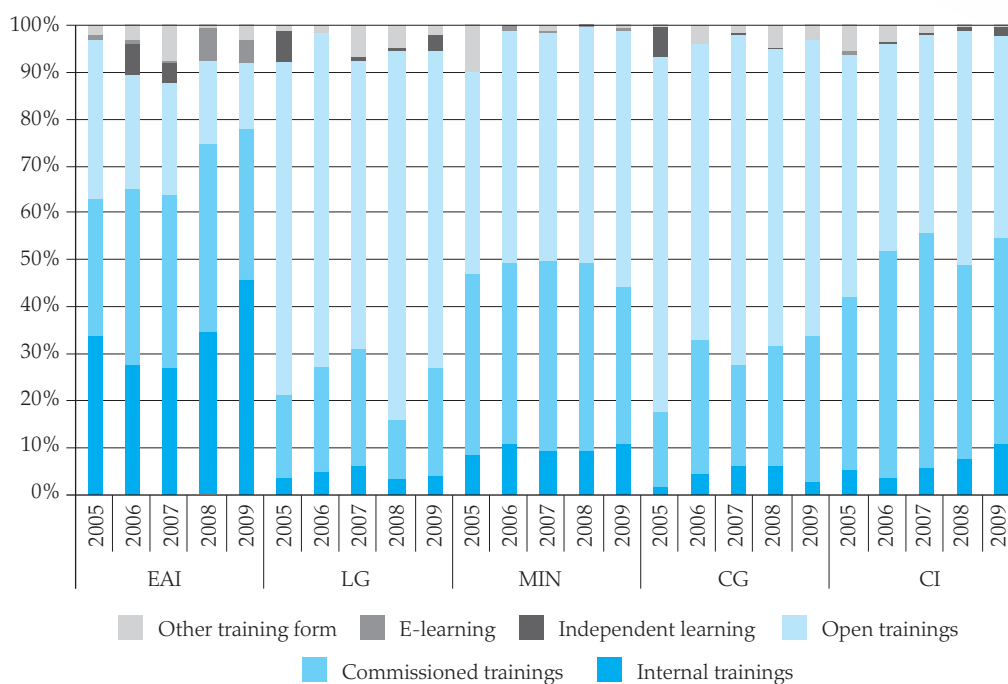


Chart 22. Distribution of total training volume according to training forms in 2005–2009.

Increasing volume of internal training is directly connected to the drastic decrease of training budget. Chart 23 describes the changes in training expenses and volume of internal training compared to 2008²⁰. It is evident that in a situation of restricted training budget, the administrative agencies seek to use their internal

17 Internal training – form of training where both, the trainer and trainees are from the same organisation.

18 Commissioned training – form of training in which the participants are from one organisation and the trainer is external.

19 Open training – form of training where employees from different organisations participate.

20 Does not include data about training in Defence Forces.

competence, and often the commissioned trainings are rather abandoned. In 2009, the monetary volume of commissioned training decreased by 10.8 million kroons, the number of academic hours decreased by 80,350 and the volume of internal trainings increased by 106,670 academic hours. By adding the additional remuneration of internal trainers to the incurred expenses from the training budgets, the savings have not been very significant – taking into account the remuneration of internal trainers, the monetary volume of internal training has increased by more than 9 million kroons compared to 2008 (According to Chart 6, the average salary of high-qualified specialist of the government sector is approximately 18,000 kroons).

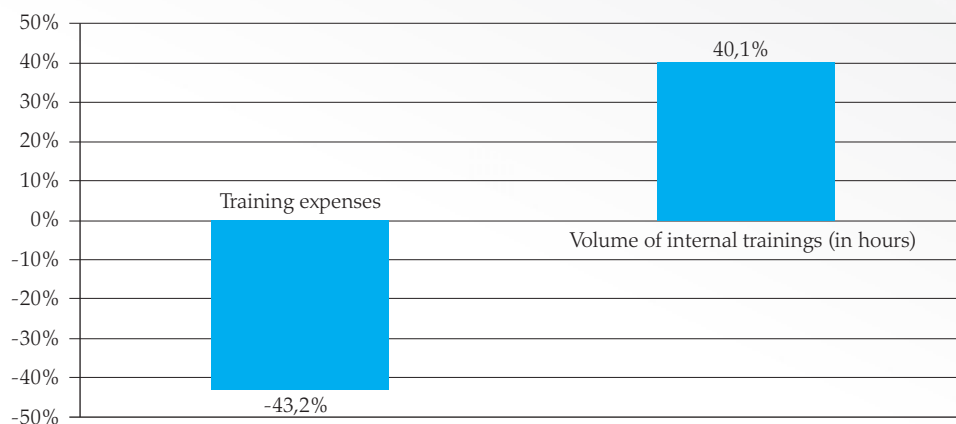


Chart 23. Change of training expenses and volumes of internal training compared to 2008.



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Assessment of officials

Conducting interviews is organised differently in administrative agencies, including for example, the analysis of requirements of the position and work-related behaviour of an official, also the development and motivation of officials, identifying the satisfaction with work, feedback on the internal communication, and often evaluation of work results and remuneration.

The assessment system foreseen in the Public Service Act has not changed during last ten years. In the beginning, the assessment is conducted upon appointment into office and at the end of the probationary period. Next, at least one interview between the immediate superior and the official is conducted annually, after which once every three years the regular evaluation should be conducted. The assessment in the framework of promotion is referred as evaluation. While regular evaluations are conducted more seldom, the results of the earlier statistical survey and practices of institutions indicate that the interviews are conducted in the framework of probationary period, annual assessment and if possible, in case of promotion of officials by the most institutions. Administrative agencies have no restrictions in establishing objectives of the interviews. Even though, the annual interviews is primarily the managerial instrument, the immediate superior as well as the official have still possible to contribute to the success of the interview by discussing additional topics or input.

The statistical data of last five years about the annual interviews refer to the fluctuation in the number of conducted interviews (Chart 24). In 2009, the number of annual interviews decreased by 20% compared to

2008. This is caused by the small number of recruitments on the one hand, and by extensive of structural changes, on the other hand – recent change of the immediate superior, or recent commencement of the work of the officials (it is not required to conduct an interview with an official who has been in their position up to six months). In addition, as of 31 December 2009 the period of annual interviews had not been entirely ended. Therefore, the personnel departments of the administrative agencies did not have the overview about the number of interviews conducted by the immediate superiors.

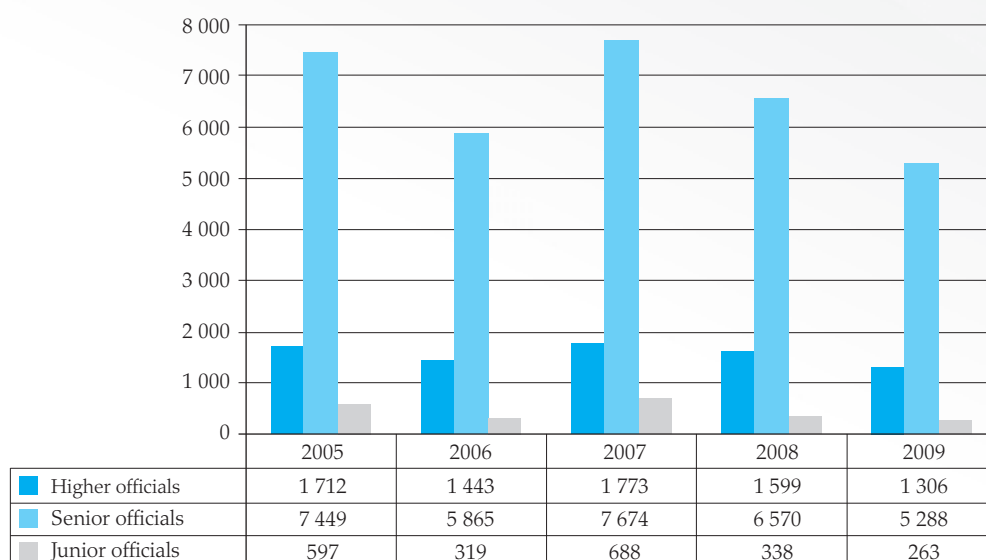


Chart 24. Number of annual interviews conducted in 2005–2009.

Based on institutional groups, the decrease in the number of annual interviews appears in ministries (32.9%), governing areas of ministries (14.9%) and county governments (51.1%). Concerning constitutional institutions, the number of annual interviews has been increased compared to 2008 (by 1.4%). 72.9% of administrative agencies conducted at least one annual interview. Concerning local governments, annual interviews were conducted by 35 local government, forming 15% of all local governments. Annual interviews were conducted with 1,548 officials, which forms 29% of total number of local government officials.

Regular assessments were conducted by 14 state institutions, in total with 244 officials. In local governments, the regular assessments were conducted in four local governments and in total, 70 officials were evaluated.

In 2009, 422 state officials were promoted, decreasing by 65% compared to 2008. The percentage of junior officials has steadily declined in last nine years, and similarly, the number of promotions of junior officials has decreased. In 2009, only 3 junior officials were promoted. In local governments, in total 12 officials were promoted, 6 of whom to the position of higher officials and 6 to the position of senior officials.

Despite of the decreasing number of conducted interviews, the system of annual interview can be considered a good practice. It is also the main evaluation and management instrument of officials. In changing situation or during unstable times, the conduction of annual interviews may be even more important for maintaining stability and motivation.

Public Administration and Public Service Department thanks all institutions for their contribution!



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Joint Training Project of State Agencies of Tartu County – “Synergy among Top Executives of Tartu County”

The town of Tartu is an important administrative centre in Estonia where the Supreme Court, Ministry of Education and Research, Estonian Agricultural Registers and Information Board (PRIA), and State Agency of Medicines are located. Altogether, there are over hundred state agencies or their regional units. According to the law, the county governor is responsible for coordinating the cooperation of the government agencies and local governments of the county. To promote the cooperation, Tartu county governor Esta Tamm initiated in 2006 after her appointment, regular meetings with the heads of government agencies of the county. Regular meetings allowed the agencies to consider with the general development needs of Tartu county when planning and managing their activities.

The discussions showed that cooperation could be tightened even further - for example, by organising joint trainings aiming at managing to alleviate the current challenges in public administration, such as changes in the management structure or implementing e-services.

The county government supported the idea – even the development strategy of Tartu county foresees the development of professional networks and increasing the input of knowledge in all areas. Tartu County Government submitted the project “Synergy among top executives of Tartu County” for applying the support from the European Union Social Fund. The project application in the amount of 174,607 kroons was approved. Ten partners participated in the training programme (for example, Animal Recording Centre, Southern Rescue Service, South Prefecture, Plant Production Inspectorate, Motor Vehicle Registration Centre), and Tartu county governor and other higher officials of the county government.

Lectus Ltd. who won the competition carried out a training programme consisting of four modules: managing an organisation in a changing environment, management through motivation, team work and cooperation, and organisational internal communication. Under the supervision of professional trainers also the trainees had an opportunity to discuss their own vivid examples in the form of a workshop based on their experience. The representation of institutions differing by their field of activity, size and culture could be considered as a great added value. The participants admitted that getting to know each other was beneficial for them work-wise in different ways. Altogether, 23 managers participated in the training “Synergy among Top Executives of Tartu County”. The total volume of the training was 800 hours. The general feedback about satisfaction of the training was 90–100%, which can be considered a very good result. County governor Esta Tamm said that the feeling of working together towards one direction and learning from each other was a great experience.

Well-done work advertises itself – during the trainings the participants expressed their hopes that this project will not be the first and last one. Inspired by the positive results, Tartu County Government submitted an application of the follow-up project to the measure of enhancing administrative capacity. The follow-up project also received the support. In the spring of 2010, the follow-up training programme, “Synergy among Top Executive of Tartu County II” was started in collaboration with the training company Ariko. It is planned to involve the lecturers with practical experience of managing an organisation or institution.

The development strategy of Tartu county contains a vision: a worthy life in an educated country. Educated people are the presupposition for an educated country. We wish to be a county where creating, sharing and implementation of knowledge would be all equally appreciated. Tartu County Government attempts to support learning everywhere and everything – this also applies to the current project. We thank our cooperation partners and supporters who made the learning process fun, efficient and productive.



Annexes

Annexes

Table 1. Changes in the Number of Officials during 2008–2009	64
Table 2. Distribution of Officials by Gender and Age as of 31.12.2009	67
Table 3. Length of Service of Officials as of 31.12.2009	68
Table 4. Distribution of Officials by Educational Level as of 31.12.2009	70
Table 5. Average Number and the Turnover Percentage of Officials in 2009	71
Table 6. Number of Officials Who Have Left the Organisation and Acquired a New Job during 01.01-31.12.2009	72
Table 7. Distribution of Officials Who Entered the Service during 01.01.- 31.12.2009, According to Previous Employment or Place of Service	73
Table 8. Training Budget in 2005–2009	74

Table 1. Changes in the Number of Officials during 2008–2009

	Number of public servants as of 31.12.2008	Number of public servants as of 31.12.2009	Change in numbers	Change in percentage
Ministries with their subordinate agencies				
Ministry of Education and Research	184	173	-11	-6.0
Language Inspectorate	18	17	-1	-5.6
Ministry of Education and Research TOTAL	202	190	-12	-5.9
Ministry of Justice	159	152	-7	-4.4
The courts of first and second instance (including judges) ¹	1022	964	-58	-5.7
Prosecutor's Office	271	270	-1	-0.4
Prisons (5 prisons)	1723	1726	3	0.2
Data Protection Inspectorate	19	18	-1	-5.3
Ministry of Justice TOTAL	3194	3130	-64	-2.0
Ministry of Defence	233	197	-36	-15.5
Estonian Defence Forces and Estonian Defence League ^{2*}	3509 ³	3692	183	5.2
Defence Resources Agency ^{2*}	91	81	-10	-11.0
Ministry of Defence TOTAL	3833	3970	137	3.6
Ministry of the Environment	467	187	-280	-60.0
Environmental Inspectorate	220	217	-3	-1.4
Environmental Board ⁴	0	324	324	0.0
Land Board	252	275	23	9.1
Centre of Forest Protection and Silviculture ⁵	70	0	-70	-100.0
Ministry of the Environment TOTAL	1009	1003	-6	-0.6
Ministry of Culture	60	60	0	0.0
National Heritage Board	59	52	-7	-11.9
Ministry of Culture TOTAL	119	112	-7	-5.9
Ministry of Economic Affairs and Communications	220	201	-19	-8.6
Competition Board	56	48	-8	-14.3
Civil Aviation Administration	27	27	0	0.0
Road Administration ⁶	100	208	108	108.0
Patent Office	70	69	-1	-1.4
Consumer Protection Board	57	52	-5	-8.8
Technician Surveillance Authority	95	91	-4	-4.2
Maritime Administration	285	276	-9	-3.2
Ministry of Economic Affairs and Communications TOTAL	910	972	62	6.8
Ministry of Agriculture	283	247	-36	-12.7
Agricultural Registers and Information Board	360	356	-4	-1.1
Plant Production Inspectorate	141	146	5	3.5
Veterinary and Food Board	327	311	-16	-4.9
Ministry of Agriculture TOTAL	1111	1060	-51	-4.6

	Number of public servants as of 31.12.2008	Number of public servants as of 31.12.2009	Change in numbers	Change in percentage
Ministry of Finance	335	278	-57	-17.0
Tax and Customs Board	1941	1834	-107	-5.5
Public Procurement Office	17	17	0	0.0
Statistical Office	331	292	-39	-11.8
Ministry of Finance TOTAL	2624	2421	-203	-7.7
Ministry of Internal Affairs	168	171	3	1.8
Public Service Academy*	69	64	-5	-7.2
Citizenship and Migration Board	415	362	-53	-12.8
Border Guard Administration*	1641	1680	39	2.4
Police Board*	4132	3984	-148	-3.6
Rescue Board*	1229	1194	-35	-2.8
Ministry of Internal Affairs TOTAL	7654	7455	-199	-2.6
Ministry of Social Affairs	228	219	-9	-3.9
Agency of Medicines	82	76	-6	-7.3
Social Insurance Board	554	533	-21	-3.8
Health Protection Inspectorate	238	215	-23	-9.7
Health Care Board	23	23	0	0.0
Labour Inspectorate	122	122	0	0.0
Labour Market Board ⁷	327	0	-327	-100.0
Ministry of Social Affairs TOTAL	1574	1188	-386	-24.5
Ministry of Foreign Affairs	545 ⁸	511	-34	-6.2
Ministries in TOTAL	2882	2396	-486	-16.9
Ministries and their agencies in TOTAL	22775	22012	-763	-3.4
County Governments				
Harju County Government	78	78	0	0.0
Hiiu County Government	30	22	-8	-26.7
Ida-Viru County Government	55	46	-9	-16.4
Jõgeva County Government	39	34	-5	-12.8
Järva County Government	36	31	-5	-13.9
Lääne County Government	33	29	-4	-12.1
Lääne-Viru County Government	43	42	-1	-2.3
Põlva County Government	35	34	-1	-2.9
Pärnu County Government	40	43	3	7.5
Rapla County Government	36	32	-4	-11.1
Saare County Government	39	34	-5	-12.8
Tartu County Government	45	38	-7	-15.6
Valga County Government	38	29	-9	-23.7
Viljandi County Government	39	39	0	0.0
Võru County Government	44	30	-14	-31.8
County Governments in TOTAL	630	561	-69	-11.0
Constitutional Institutions and State Chancellery⁹				
State Chancellery	160	117	-43	-26.9
National Archives	210	170	-40	-19.0

	Number of public servants as of 31.12.2008	Number of public servants as of 31.12.2009	Change in numbers	Change in percentage
Chancellery of the <i>Riigikogu</i>	188	210	22	11.7
Office of the Legal Chancellor	39	36	-3	-7.7
Office of the President	43	43	0	0.0
Supreme Court	75	77	2	2.7
State Audit Office	97	81	-16	-16.5
Constitutional institutions in TOTAL	602	564	-38	-6.3
Constitutional institutions with subordinate agencies in TOTAL	812	734	-78	-9.6
All state agencies in TOTAL¹⁰	24217	23307	-910	-3.8
Public servants in the local governments in TOTAL	5464	5325	-139	-2.5
	29681	28632	-1049	-3.5

1 Viru Circuit Court was wound up as of 1 January 2009.

2 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

3 Corrected data. Added data about professional military who were excluded from the personnel statistics of 2008 in connection with the reorganisation caused by the enforcement of Defence Forces Organisation Act.

4 The regional environmental services of Ministry of Environment, State Nature Conservation Centre, and Radiation Centre were merged as the Environmental Board as of 1 February 2009.

5 Centre of Forest Protection and Silviculture was reorganised as a governmental institution administrated by Ministry of the Environment as of 1 February 2009.

6 Motor Vehicle Registration Centre, Road Administration and regional offices as well as subordinate agencies of Road Administration were reorganised and merged starting from 1 July 2009 as Road Administration and its regional offices.

7 Winded up as of 30 April 2009, merged with Unemployment Insurance Fund.

8 Data corrected. Number of support staff has been excluded from the figures presented about the statistics of 2008.

9 In addition to the Office of the Chancellor of Justice, Office of the President, Chancellery of the *Riigikogu*, Supreme Court, and National Audit office, also the State Chancellery and National Archives have been included among constitutional institutions.

10 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments.

* Service relationships are regulated by specific acts of particular groups of public servants in addition to the Public Service Act.

Table 2. Distribution of Officials by Gender and Age as of 31.12.2009

	< 21	%	21-30	%	31-40	%	41-50	%	51-60	%	61-65	%	> 65	%	Officials in TOTAL	Distribution by gender
All state agencies in total¹																
Men	14	0.1	3095	27.8	3969	35.6	2224	19.9	1258	11.3	343	3.1	179	1.6	11151	47.8%
Women	13	0.1	2586	21.3	3309	27.2	2572	21.2	2564	21.1	605	5.0	157	1.3	12156	52.2%
TOTAL	27	0.1	5681	24.4	7278	31.2	4796	20.6	3822	16.4	948	4.1	336	1.4	23307	
Ministries with their subordinate agencies²																
Men	14	0.2	1903	23.0	2889	34.9	1875	22.7	1101	13.3	316	3.8	169	2.0	8267	43.2%
Women	12	0.1	2384	21.9	2942	27.0	2460	22.6	2258	20.8	550	5.1	140	1.3	10873	56.8%
TOTAL	26	0.1	4287	22.4	5831	30.4	4335	22.6	3359	17.6	866	4.5	309	1.6	19140	
Ministries																
Men	0	0.0	217	27.2	311	39.0	150	18.8	90	11.3	19	2.4	11	1.4	798	33.3%
Women	0	0.0	479	30.0	585	36.6	273	17.1	196	12.3	51	3.2	14	0.9	1598	66.7%
TOTAL	0	0.0	696	29.0	896	37.4	423	17.7	286	11.9	70	2.9	25	1.0	2396	
Subordinate agencies of ministries and other²																
Men	14	0.2	1686	22.6	2578	34.5	1725	23.1	1011	13.5	297	4.0	158	2.1	7469	44.6%
Women	12	0.1	1905	20.5	2357	25.4	2187	23.6	2062	22.2	499	5.4	126	1.4	9275	55.4%
TOTAL	26	0.2	3591	21.4	4935	29.5	3912	23.4	3073	18.4	796	4.8	284	1.7	16744	
Professional military³																
Men	0	0.0	1129	46.4	975	37.4	333	13.1	75	2.9	4	0.2	0	0.0	2516	87.6%
Women	1	0.3	63	17.4	140	39.9	107	30.0	44	12.1	1	0.3	0	0.0	356	12.4%
TOTAL	1	0.0	1192	43.0	1115	37.7	440	15.1	119	4.0	5	0.2	0	0.0	2872	
County governments																
Men	0	0.0	18	12.4	26	17.9	36	24.8	48	33.1	13	9.0	4	2.8	145	25.8%
Women	0	0.0	30	7.2	62	14.9	122	29.3	163	39.2	30	7.2	9	2.2	416	74.2%
TOTAL	0	0.0	48	8.6	88	15.7	158	28.2	211	37.6	43	7.7	13	2.3	561	
Constitutional institutions and State Chancellery with their subordinate agencies																
Men	0	0.0	45	20.2	79	35.4	49	22.0	34	15.2	10	4.5	6	2.7	223	30.4%
Women	0	0.0	109	21.3	165	32.3	106	20.7	99	19.4	24	4.7	8	1.6	511	69.6%
TOTAL	0	0.0	154	21.0	244	33.2	155	21.1	133	18.1	34	4.6	14	1.9	734	
Constitutional institutions and State Chancellery																
Men	0	0.0	38	21.5	69	39.0	31	17.5	27	15.3	8	4.5	4	2.3	177	31.4%
Women	0	0.0	94	24.3	129	33.3	82	21.2	61	15.8	15	3.9	6	1.6	387	68.6%
TOTAL	0	0.0	132	23.4	198	35.1	113	20.0	88	15.6	23	4.1	10	1.8	564	
Local governments																
Men	0	0.0	212	14.6	304	21.0	355	24.5	419	28.9	112	7.7	49	3.4	1451	27.2%
Women	3	0.1	499	12.9	778	20.1	1105	28.5	1171	30.2	256	6.6	62	1.6	3874	72.8%
TOTAL	3	0.1	711	13.4	1082	20.3	1460	27.4	1590	29.9	368	6.9	111	2.1	5325	

1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments.

2 The grand totals do not include information about professional military staff.

3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

Table 3. Length of Service of Officials as of 31.12.2009 (in years)

	< 1	%	1-5	%	5-10	%	10-15	%	15-20	%	20-25	%	25-30	%	> 30	%	Offi- cials in TOTAL
All state agencies in total¹																	
Total length of service ²	653	2.8	5114	21.9	5512	23.6	5160	22.1	4043	17.3	1308	5.6	777	3.3	740	3.2	23307
Length of service in a given organisation ³	1122	4.8	9585	41.1	4847	20.8	3834	16.4	3224	13.8	268	1.1	215	0.9	212	0.9	23307
Ministries with their subordinate agencies²																	
Total length of service	595	3.1	4176	21.8	4470	23.4	4142	21.6	3472	18.1	1003	5.2	638	3.3	644	3.4	19140
Length of service in a given organisation	1009	5.3	6474	33.8	4579	23.9	3570	18.7	2986	15.6	190	1.0	163	0.9	169	0.9	19140
Ministries																	
Total length of service	94	3.9	647	27.0	720	30.1	487	20.3	283	11.8	71	3.0	50	2.1	44	1.8	2396
Length of service in a given organisation	170	7.1	1008	42.1	660	27.5	338	14.1	170	7.1	14	0.6	18	0.8	18	0.8	2396
Subordinate agencies of ministries and other²																	
Total length of service	501	3.0	3529	21.1	3750	22.4	3655	21.8	3189	19.0	932	5.6	588	3.5	600	3.6	16744
Length of service in a given organisation	839	5.0	5466	32.6	3919	23.4	3232	19.3	2816	16.8	176	1.1	145	0.9	151	0.9	16744
Professional Military³																	
Total length of service	10	0.3	683	23.8	774	26.9	776	27.0	352	12.3	214	7.5	55	1.9	8	0.3	2872
Length of service in a given organisation	33	1.1	2701	94.0	39	1.4	47	1.6	35	1.2	16	0.6	1	0.0	0	0.0	2872
County governments																	
Total length of service	26	4.6	79	14.1	66	11.8	90	16.0	115	20.5	59	10.5	67	11.9	59	10.5	561
Length of service in a given organisation	40	7.1	138	24.6	63	11.2	88	15.7	112	20.0	45	8.0	41	7.3	34	6.1	561
Constitutional institutions and State Chancellery with their subordinate agencies																	
Total length of service	22	3.0	176	24.0	202	27.5	152	20.7	104	14.2	32	4.4	17	2.3	29	4.0	734
Length of service in a given organisation	40	5.4	272	37.1	166	22.6	129	17.6	91	12.4	17	2.3	10	1.4	9	1.2	734

	< 1	%	1-5	%	5-10	%	10-15	%	15-20	%	20-25	%	25-30	%	> 30	%	Officials in TOTAL
Constitutional institutions and State Chancellery																	
Total length of service	22	3.9	146	25.9	161	28.5	108	19.1	81	14.4	17	3.0	8	1.4	21	3.7	564
Length of service in a given organisation	38	6.7	242	42.9	124	22.0	87	15.4	69	12.2	1	0.2	1	0.2	2	0.4	564
Local governments																	
Total length of service	180	3.4	1317	24.7	1042	19.6	1122	21.1	1111	20.9	234	4.4	160	3.0	159	3.0	5325
Length of service in a given organisation	290	5.4	1739	32.7	1040	19.5	947	17.8	983	18.5	166	3.1	69	1.3	91	1.7	5325

- 1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments.
- 2 The grand totals do not include information about professional military staff.
- 3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

Table 4. Distribution of Officials by Educational Level as of 31.12.2009

Total number of officials	Higher education	%	Master's level degree	%	Doctoral level degree	%	Vocational secondary education	%	Secondary education	%	Basic education	%	Number of officials acquiring further formal education	%
All state agencies in total¹														
23307	12876	55.2	1428	6.1	100	0.4	4477	19.2	5692	24.4	262	1.1	1795	8.8
Ministries with their subordinate agencies²														
19140	10866	56.8	1095	5.7	77	0.4	3723	19.5	4496	23.5	55	0.3	1607	8.4
Ministries														
2396	2042	85.2	416	17.4	32	1.3	133	5.6	221	9.2	0	0.0	249	10.4
Subordinate agencies of ministries²														
16744	8824	52.7	679	4.1	45	0.3	3590	21.4	4275	25.5	55	0.3	1358	8.1
Professional Military³														
2872	1055	36.7	163	5.7	2	0.1	598	20.8	1014	35.3	205	7.1	57	2.0
County governments														
561	362	64.5	31	5.5	0	0.0	102	18.2	96	17.1	1	0.2	16	2.9
Constitutional institutions and State Chancellery with their subordinate agencies														
734	593	80.8	139	18.9	21	2.9	54	7.4	86	11.7	1	0.1	115	15.7
Constitutional institutions and State Chancellery														
564	460	81.6	121	21.5	21	3.7	45	8.0	58	10.3	1	0.0	95	16.8
Local governments														
5325	3469	65.1	501	9.4	8	0.2	1129	21.2	722	13.6	5	0.1	296	5.6

1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments.

2 The grand totals do not include information about professional military staff.

3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

Table 5. Average Number and the Turnover Percentage of Officials in 2009

	Average number of public servants ¹	Percentage of personnel turnover ¹
All state agencies in total²		
	23656.4	6.7
Ministries with their subordinate agencies³		
	19432.4	6.7
Ministries		
	2428.7	7.0
Subordinate agencies of ministries³		
	17003.7	6.7
Professional Military⁴		
	2885.0	6.0
County governments		
	576.1	6.9
Constitutional institutions and State Chancellery with their subordinate agencies		
	762.8	6.7
Constitutional institutions and State Chancellery		
	585.5	7.5

1 The number of public servants who left service due to expiry of term of service, winding-up of administrative agency or lay-offs was not included for calculating the personnel turnover. The result has been divided by the average annual number of officials and multiplied by a hundred.

2 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments.

3 The grand totals do not include information about professional military staff.

4 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces

Table 6. Number of Officials Who Have Left the Organisation and Acquired a New Job during 01.01.-31.12.2009

Number of officials as of 31.12.2008 ¹	Total number of officials who have left office	%	Expiry of term of service, winding-up of administrative agency, lay-offs	%	New post acquired in public service	%	New job acquired in public sector	%	New job acquired in private sector	%	New job acquired in the EU/ other international organisation	%	Other	%	No data available	%
All state agencies in total²																
24217	2489	10.3	918	36.9	582	23.4	238	9.6	174	7.0	18	0.7	590	23.7	887	35.6
Ministries with their subordinate agencies²																
20017	2043	14.8	735	23.5	486	23.2	170	4.8	138	13.8	12	0.2	481	31.3	756	26.7
Ministries																
2882	587	20.4	418	71.2	288	49.1	24	4.1	14	2.4	5	0.9	158	26.9	98	16.7
Subordinate agencies of ministries³																
17135	1456	8.5	317	21.8	198	13.6	146	10.0	124	8.5	7	0.5	323	22.2	658	45.2
Professional military⁴																
2758	204	7.4	32	15.7	52	25.5	60	29.4	20	9.8	0	0.0	31	15.2	41	20.1
County governments																
630	113	17.9	73	64.6	17	15.0	5	4.4	9	8.0	1	0.9	31	27.4	50	44.2
Constitutional institutions and State Chancellery with their subordinate agencies																
812	129	15.9	78	60.5	27	20.9	3	2.3	7	5.4	5	3.9	47	36.4	40	31.0
Constitutional institutions and State Chancellery																
602	89	14.8	45	50.6	23	25.8	1	1.1	2	2.2	5	5.6	30	33.7	28	31.5

1 Corrected data.

2 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments. 3 The grand totals do not include information about professional military staff.

4 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

Table 7. Distribution of Officials Who Entered the Service during 01.01.- 31.12.2009, According to Previous Employment or Place of Service

Number of officials as of 31.12.2008 ¹	Total number of officials who entered the service	%	From public service	%	Elsewhere from public sector	%	From private sector	%	Other	%	Change of position inside organisation	%
All state agencies in total²												
24217	1988	8.2	654	32.9	335	16.9	500	25.2	499	25.1	2202	9.1
Ministries with their subordinate agencies³												
20017	1561	7.8	513	32.9	189	12.1	434	27.8	425	27.2	1368	6.8
Ministries												
2882	221	7.7	68	30.8	20	9.0	68	30.8	65	29.4	340	11.8
Subordinate agencies of ministries³												
17135	1343	7.8	445	33.1	172	12.8	366	27.3	360	26.8	1028	6.0
Professional Military⁴												
2758	337	12.2	114	33.8	137	40.7	32	9.5	54	16.0	681	24.7
County governments												
630	41	6.5	9	22.0	4	9.8	19	46.3	9	22.0	101	16.0
Constitutional institutions and State Chancellery with their subordinate agencies												
812	49	6.0	18	36.7	5	10.2	15	30.6	11	22.4	52	6.4
Constitutional institutions and State Chancellery												
602	46	7.6	16	34.8	4	8.7	15	32.6	11	23.9	32	5.3

1 Corrected data.

2 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the State Chancellery with its governing area and county governments. 3 The grand totals do not include information about professional military staff.

4 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

Table 8. Training Budget in 2005-2009

Year	Budget	Budget Spent	Foreign Aid Spent	Spent Total
All state agencies in total				
2005	78,328,577 kr	69,753,207 kr	6,834,203 kr	76,587,410 kr
2006	94,993,841 kr	91,078,038 kr	9,472,912 kr	100,550,950 kr
2007	116,575,448 kr	105,530,206 kr	11,056,716 kr	116,586,922 kr
2008	125,505,235 kr	111,883,166 kr	38,296,510 kr	150,179,676 kr
2009	62,509,057 kr	52,093,444 kr	5,167,457 kr	57,260,901 kr
Ministries				
2005	13,829,000 kr	13,371,767 kr	1,385,227 kr	14,756,994 kr
2006	15,950,146 kr	15,518,779 kr	2,442,943 kr	17,961,722 kr
2007	16,806,813 kr	15,064,252 kr	2,350,437 kr	17,414,689 kr
2008	20,048,171 kr	17,111,130 kr	3,099,601 kr	20,210,731 kr
2009	14,091,176 kr	8,633,186 kr	1,673,525 kr	10,306,711 kr
Subordinate agencies of ministries¹				
2005	58,421,507 kr	51,007,294 kr	5,448,976 kr	56,456,270 kr
2006	72,259,375 kr	69,019,476 kr	6,046,258 kr	75,065,734 kr
2007	90,447,541 kr	81,175,632 kr	8,058,153 kr	89,233,785 kr
2008 ¹	97,713,783 kr	88,081,379 kr	34,869,091 kr	122,950,470 kr
2009	44,075,034 kr	40,173,477 kr	2,943,236 kr	43,116,713 kr
County governments				
2005	1,948,070 kr	1,741,680 kr	- kr	1,741,680 kr
2006	2,114,320 kr	1,860,498 kr	461,069 kr	2,321,567 kr
2007	2,074,140 kr	1,964,641 kr	150,700 kr	2,115,341 kr
2008	1,709,916 kr	1,502,951 kr	285,902 kr	1,788,853 kr
2009	822,300 kr	767,750 kr	- kr	767,750 kr
Constitutional institutions and State Chancellery with their subordinate agencies				
2005	4,130,000 kr	3,632,466 kr	- kr	3,632,466 kr
2006	4,670,000 kr	4,679,285 kr	522,642 kr	5,201,927 kr
2007	7,246,954 kr	7,325,681 kr	497,426 kr	7,823,107 kr
2008	6,033,365 kr	5,187,706 kr	41,916 kr	5,229,622 kr
2009	3,520,547 kr	2,519,031 kr	550,696 kr	3,069,727 kr
Local governments				
2005	12,207,877 kr	10,479,258 kr	- kr	10,479,258 kr
2006	17,677,019 kr	15,989,106 kr	368,665 kr	16,357,771 kr
2007	25,918,966 kr	20,564,788 kr	216,823 kr	20,781,611 kr
2008	30,794,441 kr	27,461,767 kr	1,200,055 kr	28,661,822 kr
2009	19,260,925 kr	11,083,712 kr	2,064,494 kr	13,148,206 kr
All state and local government agencies in TOTAL				
2005	90,536,454 kr	80,232,465 kr	6,834,203 kr	87,066,668 kr
2006	112,670,860 kr	107,067,144 kr	9,841,577 kr	116,908,721 kr
2007	142,494,414 kr	126,094,994 kr	11,273,539 kr	137,368,533 kr
2008	156,299,676 kr	139,344,933 kr	39,496,565 kr	178,841,498 kr
2009	81,769,982 kr	63,177,156 kr	7,231,951 kr	70,409,107 kr

1 Data about Police Board and Border Guard Board was not included in the analysis of training statistics in 2008.